

Annual Report

New South Wales Electoral Commission

2016-17



27 October 2017

The Hon Gladys Berejiklian MP
Premier
52 Martin Place
SYDNEY NSW 2000

Dear Premier

We are pleased to submit our Annual Report for the financial year ended 30 June 2017.

This Report is presented in accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Public Finance and Audit Act 1983*.

The Report details our operations and activities and includes the conduct of the 2016 Local Government Elections held during the year, as well as the services we have provided to registered clubs, statutory boards, industrial organisations and other assistance to electoral authorities.

It also outlines our activity in regulating election funding – both in administering public funding and ensuring compliance with election funding, expenditure and disclosure requirements. We detail our management of the Funding, Disclosure and Compliance regime, and our actions in dealing with breaches of the requirements.

The Annual Report was produced in-house, eliminating any external production costs, as per memorandum M2013-09.

Yours sincerely

John Schmidt
Electoral Commissioner

The Hon Keith Mason AC QC
Chairperson, NSW Electoral Commission

The images used in the Annual Report are from the NSWEC's voter engagement campaign for the 2016 Local Government Election.

Note: throughout this report, the terms iVote® and SmartRoll® are used to refer to the iVote system and the SmartRoll system respectively. Both iVote and SmartRoll are Registered trademarks of the NSW Electoral Commission.

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Letter of Transmittal

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Foreword by the Chairperson of the Electoral Commission



I am pleased to present the New South Wales Electoral Commission's Annual Report for 2016-17.

Appointment of Electoral Commissioner John Schmidt

John Schmidt was appointed Electoral Commissioner on 8 August 2016. John's previous roles included five years as chief executive officer of AUSTRAC and senior administrative and policy positions in NSW. He took up this role just in time for the final stages of preparation for the September 2016 Local Government elections. Over the ensuing year, he has led the organisation through the preparations for the second tranche of these elections and a busy and significant program of activity across all its functions.

Retirement of Linda Franklin

Following the retirement of Colin Barry as Electoral Commissioner in December 2015 and pending the appointment of his successor, Linda Franklin was appointed as Acting Electoral Commissioner, then she served as Executive Director, Transformation and Delivery before retiring in April 2017. The Commission is most grateful for her exemplary and distinguished service.

Unlawful political donations

Since 14 December 2009, property developers and their close associates have been prohibited from making political donations and, since 1 January 2011, political donations at State elections have also been capped. A complex set of monitoring, criminal, civil and funding provisions form the regulatory armoury of the Commission to control compliance with these measures.

In late 2014 the Independent Commission Against Corruption's Operation Spicer examined the acceptance of certain political donations in the lead up to the 2011 State general election. At the conclusion of ICAC's inquiry, the Commission examined the information resulting from that inquiry to determine whether there was sufficient evidence to commence civil proceedings for the recovery of unlawful political donations (statutory time limits having already expired in relation to the bringing of criminal action).

The ultimate outcome of the Commission's action was the recovery of \$666,992 of unlawful donations on behalf of the State from a registered political party and three individuals.

I would like to thank the NSWEC's dedicated staff, as well as the Crown Solicitor's Office, for their ongoing advice and support in these matters.

Commendation

Much of the NSWEC's work delivers important outcomes for the public and the government, but its complexity and breadth is not always widely understood.

To those involved at the coalface, conducting elections, administering electoral rolls, monitoring compliance with complex funding, donation and lobbying regulations, engaging voters and stakeholders and delivering support functions are strenuous tasks that have to function smoothly and to strict timetables.

I thank and congratulate the staff of the NSWEC, along with my fellow members of the Electoral Commission Len Scanlan and John Schmidt and my Deputy as Chairperson, the Hon Joseph Campbell QC, for their commitment, support and effort in these important public endeavours.

A handwritten signature in black ink, appearing to read 'K Mason', with a long horizontal line extending to the right.

The Hon Keith Mason
AC QC Chairperson, NSW Electoral Commission

Report of the Electoral Commissioner



It has been an honour to join this important and distinguished organisation at such an interesting time in its long history. Over the last year, we witnessed democratic processes and institutions globally face new issues and challenges. At the same time, our changing operating environment has created opportunities for us to innovate and improve upon how we deliver our services.

The NSWEC experienced a high workload during the year, running the first tranche of Local Government elections and six State and three Local Government by-elections, while also planning for the second tranche of Local Government elections. At the same time, the NSWEC implemented amendments introduced by the *Local Government and Elections Legislation Amendment (Integrity) Act 2016*. This legislative reform not only changed our processes but required a targeted engagement campaign to inform our stakeholders of these new obligations as quickly as possible. We continued to work on innovations in the delivery of election services such as iVote¹, and SmartRoll², which are designed to help voters exercise their democratic rights. iVote was successfully trialled by the Western Australian Electoral Commission in its March 2017 State General Election.

1. The iVote system is a form of voting where eligible voters can vote using the internet or telephone as an alternative to voting at a Polling Place.
2. SmartRoll is a data system that automatically enrolls and re-enrolls eligible electors adding their correct details to the NSW electoral roll.

Photograph: Jason McCormack/The LSJ

When commencing my term with the NSWEC, I was fortunate to be able to work closely with Linda Franklin, the outgoing Acting Electoral Commissioner and Executive Director Transformation and Delivery. In addition to her other invaluable contributions to the organisation, Linda played a leading role in the finalisation of our organisational restructure in early 2017. Through this process, the organisation has been consolidated into four new Divisions – Elections and Enrolment, Funding Disclosure and Compliance, Information Services and Corporate – giving us the opportunity to streamline how we work together to deliver a full range of electoral and democratic services. By centralising some functions (such as Communications and Information Services) and creating new areas of focus (such as Elections Innovation) we have set ourselves up to collaborate more effectively and deliver a better experience for our external audiences and stakeholders.

Our new structure has brought with it a new leadership team, bringing fresh perspectives to the NSWEC. In early 2017, the new team reviewed our corporate strategy with an eye to building on our strengths and introducing innovations across our range of services. Our new Strategic Plan 2017-2020: Democracy Delivered, sets out clear goals and the strategies we will use to achieve them. It includes a newly articulated vision, focused on ensuring we help maintain confidence in our democratic processes.

I have been constantly impressed by the energy and dedication of the staff across all parts of the NSWEC and the way our teams come together to deliver our work with integrity and precision. As part of the strategic planning process, staff worked together to define the values and behaviours we believe are critical to our success. I am pleased to witness these in action across our activities every day.

It has been a fascinating, challenging and highly productive year for the NSWEC and I extend my thanks to all staff and my fellow members of the Electoral Commission for playing their part in delivering such positive outcomes for the people of New South Wales.

A handwritten signature in black ink that reads "John Schmidt". The signature is written in a cursive, flowing style.

John Schmidt
Electoral Commissioner

Report of the Chief Financial Officer



In light of the Government's proposal to amalgamate certain councils, the planned 2016 Local Government Elections were divided into two tranches. The NSWEC delivered the first tranche of these elections on 10 September 2016.

The *Local Government Act 1993* provides that councils can choose whether to have their elections delivered by the NSWEC, or conduct the election themselves³. It is pleasing to report that 76 of 81 councils contracted the NSWEC to conduct their 2016 elections.

The Election Program operates under the governance structure of an Election Program Board and comprises 20 separate projects. The project budgets use a zero-base budgeting methodology and are fully costed at \$50.7 million. This includes an amount of \$17.0 million which was provided by the Government to address the cost implications of running two tranches of local government elections. The expenditure to 30 June 2017 was \$19.6 million (Please see Appendix A for the list of Election Program Projects). Invoices were issued to councils in February 2017, with a collection rate of 100 per cent.

During 2016-17, the NSWEC also started work on the program for the second tranche of elections for September 2017.

Revenue

A large proportion of the NSWEC's revenue is provided from the NSW Government Treasury Consolidated Fund. Separate appropriations are allocated for Recurrent and Capital works. Within the Recurrent Appropriation, the NSWEC receives protected item funding for specific delivery services, which is accounted for independently.

At \$71.6 million, revenues fell below the budget of \$94.6 million by \$23.0 million. With only half the Local Government elections conducted, the revenue receipts were reduced by \$13.3 million. Treasury reduced funding to the Commission from that budgeted for CAPEX projects by \$3.2 million, in line with the Commission's delayed project rollout. These funds will be carried forward to the next financial year. Further revenue reductions resulted from claims from parties and candidates for election funding being less than the budgeted provision.

The NSWEC received no grants from any other government agency this year.

Expenditure incurred

The NSWEC delivered its services within the Net Cost of Services allocation made by Treasury. Expenses incurred vary depending on the election cycle. Total expenses of \$74.7 million were under budget by \$20.6 million. The reduced expenditure arose largely because we were only required to deliver half the Local Government elections in this financial year. Payments to parties from the Election Campaigns, Administration and Policy Development Funds through the Funding, Disclosure and Compliance regime were also lower than expected. We were required to conduct six State By-elections, which cost \$4.3 million, compared to nil expenditure on state by-elections the previous year.

Treasury has reinstated an Efficiency Dividend for NSW agencies. 2016-17 was the first year of a three-year programme of cumulative 1.5% savings targets. This dividend was applied to our overheads, leaving the protected funding for the conduct of the elections intact. The NSWEC delivered the required efficiency dividend of \$0.3 million. The dividend increases by a further \$0.3 million in the coming year.

3. Under s 296(2) of the *Local Government Act 1993*, a council can enter into an election arrangement with the Electoral Commissioner to administer elections of the council in accordance with s 296. The alternative is for the council's General Manager to conduct the elections under s 296(1) of the *Local Government Act*. S 296(7) provides that the Electoral Commission is to conduct the first election for a new council.

Restructure

The NSWEC entered year two of its restructure exercise that reduced eight operating branches to four divisions. In the first phase, three positions were deleted from the organisation structure in 2016-17, with a cost of \$483,000. The costs of these redundancies were met by the NSWEC. The restructure program is expected to be complete in 2017/18.

Investment in Assets

The NSWEC had \$21.8 million in assets as at 30 June 2017. The value of assets reduced by \$1.8 million from the previous year. This was largely because of a further year of reduction in investment in Plant and Equipment and software systems, from \$13.9 million to \$12.1 million, as the rate of new investment slowed from previous years and dipped below the depreciation and amortisation expense. The major election systems have been largely written down but are still in use by the NSWEC.

The major capital project during the year was the continued development of the Roll Management System. The capital budget for the year was \$1.4 million. However, with delayed delivery the project will continue into the next financial year. Unspent capital funding has been carried forward.

Our Information Technology infrastructure allows the NSWEC to maintain its readiness to conduct elections and by-elections.

The NSWEC commenced work on an Online Disclosures System to enable parties, candidates and donors to lodge declarations of electoral campaign expenditures and donations online, replacing current paper lodgements. \$458,000 was spent, the initial component of a planned \$9.8 million investment.

Two capital works projects relating to local government elections – universal postal voting and a ballot countback system – await further legislation before further development.

The NSWEC began systems development for an Electronic Mark-Off at Polling Places, spending \$424,000 of a \$1.8 million planned investment.

Development began of an Investigations Matter Management System (IMMS), with \$319,000 spent of a \$600,000 budget. This will assist management of the investigations activity conducted by the Funding, Disclosure and Compliance Division.

As we were unable to renew an office accommodation lease for part of the business during the year, we moved some staff to other premises, resulting in a fitout cost of \$349,000.

In April, the NSWEC received a significant level of CAPEX investment for projects due to commence in the 2017-18.



Trevor Follett
Chief Financial Officer

Members of the NSW Electoral Commission

The NSW Electoral Commission consists of a former Judge as Chairperson of the Commission, the Electoral Commissioner and a member with financial or audit skills. Current NSW Electoral Commission members are:



Hon Keith Mason

AC QC BA LLB LLM

Keith Mason was admitted to the New South Wales Bar in 1972 and appointed Queen's Counsel in 1981. From 1985 to 1987, and again from 1989 to 1990, he was Chairman of the NSW Law Reform Commission. He was Solicitor-General for NSW from 1987-1997, until his appointment as President of the NSW Court of Appeal in 1997. Keith retired from the Court in 2008 and is currently a Visiting Professorial Fellow at the University of New South Wales. In 2013 Keith chaired the redistribution of NSW Electoral Districts required by the *Constitution Act 1902* (NSW).

Len Scanlan

BBus BA MPubAd

Company Directors Diploma, Fellow of the Australian Institute of Company Directors.

Len Scanlan was Auditor-General of Queensland from 1997 to 2004, during which time he was also the CEO, Queensland Audit Office. Len has since pursued a successful career as an independent consultant, which has included service on audit committees, as a non-executive director and general consulting work. Len is a Fellow of the Institute of Public Administration Australia and an Adjunct Professor at the University of Queensland.

John Schmidt

BA LLB MA

John Schmidt was appointed Electoral Commissioner for a 7 year term from 8 August 2016. From 2009 to 2014, he was the Chief Executive Officer of the Australian Transactions Reports and Analysis Centre (AUSTRAC). Previously he held senior NSW Government positions within the Department of Premier and Cabinet and the Department of Fair Trading.

Deputy to the Chairperson and Member

The *Parliamentary Electorates and Elections Act 1912* provides that the Governor may appoint a deputy for each member.



Linda Franklin PSM

Dip. Human Res Mgt, Grad Cert. Change Mgt

From 1 January 2016 to 7 August 2016 Linda Franklin was Acting New South Wales Electoral Commissioner.

Linda joined the NSW Electoral Commission in 2009 as Director, Elections Branch. Prior to this, Linda was the Executive Director, Planning and Operations for the World Catholic Youth Day Co-ordination Authority.



The Hon Joseph Campbell QC

was appointed as the deputy of the Chairperson, Hon Keith Mason AC QC. Mr Campbell was a judge of the NSW Supreme Court from 2001 until his retirement in 2012, serving first as a judge in the Equity Division and then as a Justice of the Court of Appeal. Mr Campbell has held a wide range of positions, including as a Member of the Legal Profession Admission Board, and as Member and Deputy Chair of the Legal Qualifications Sub-Committee (both positions were held until 2009).

In 2013 Mr Campbell was elected as a Fellow of the Australian Academy of Law and became an Adjunct Professor at the University of Sydney.

Meetings of the NSW Electoral Commission during the reporting period are detailed in Section 4.

Executive management team

AS AT 30 JUNE 2017



Electoral Commissioner

John Schmidt
BA LLB MA

John Schmidt was appointed Electoral Commissioner from 8 August 2016. From 2009 to 2014 he was the Chief Executive Officer of the Australian Transactions Reports and Analysis Centre (AUSTRAC). Previously he held senior NSW Government positions within the Department of Premier and Cabinet and the Department of Fair Trading.

Photograph: Jason McCormack/The LSJ

Executive Director, Elections

Simon Kwok
BE (Hons)

Simon joined the NSWEC on a contract basis in 2008. He worked on significant projects for the NSWEC prior to commencing permanent employment with the NSWEC in 2013. Simon previously worked in the information technology and business service industries. He was appointed to his current role in January 2017.

Executive Director, Funding, Disclosure and Compliance

Alison Byrne
BSocSc, LLB (Hons), Grad Dip Legal Practice, MBA

Alison joined the NSWEC in 2011 as the Principal Legal Officer. She has more than 15 years' experience in legal and regulatory services, investigation and prosecution, having previously held positions within the Office of the Director of Public Prosecutions and the NSW Police Force.



Executive Director, Corporate and Chief Audit Executive

Dr Matthew Phillips
PhD

Matthew joined the NSWEC in August 2016 after a public service career that included senior executive roles in the Australian, New South Wales and Local Government sectors. Immediately prior to joining the NSWEC, Matthew was a Chief Operating Officer in Local Government and, before that, a Senior Executive in NSW Treasury.

Executive Director, Information Services

John Cant
BEng (Hons) in Electrical and Electronic Engineering

John Cant has worked in the IT Industry for almost 30 years. Before joining the NSWEC John was IT Director for the AFC Asian Cup Australia 2015 Football Tournament. He has significant major event experience, having worked on four Olympic Games, most recently as Program Manager in the technology team for London 2012.

Executive Management during the 2016-17 financial year

Acting Electoral Commissioner (until 7 August 2016) **and Executive Director, Transformation and Delivery** (until April 2017)

Linda Franklin PSM

Director Human Resources (until 30 January 2017)

Jennifer Nilsen

Director Enrolment (until 30 June 2017)

Paul Beeren

Director, Performance Measurement (until 23 August 2016)

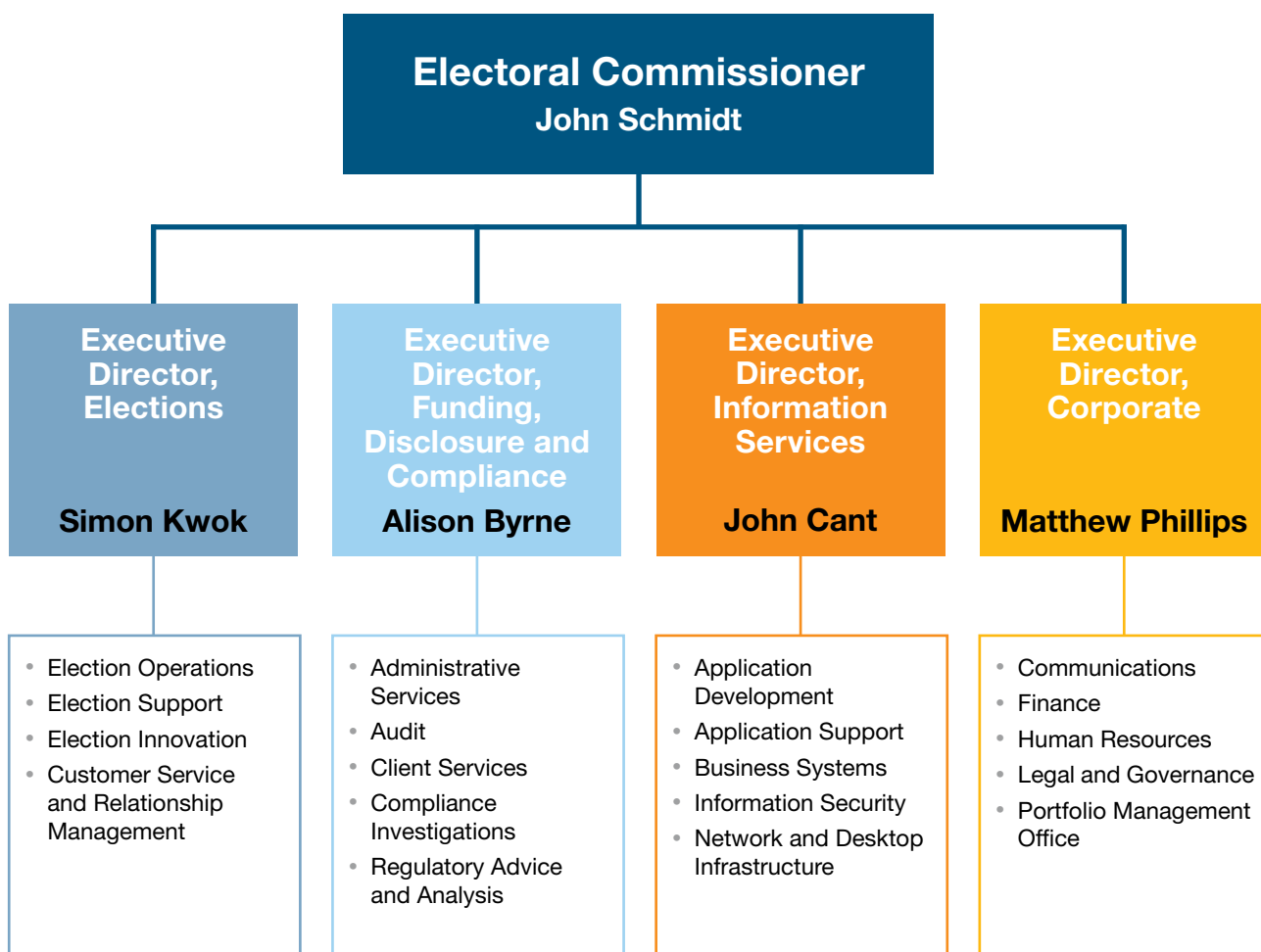
Dr Elizabeth Coombs

Director, Legal and Governance (until 24 October 2016)

Sonja Hewison

Organisational structure

AS AT 30 JUNE 2017



2016-17 year at a glance

This year saw a high level of election activity, with the Local Government elections for 76 local councils, six State by-elections and three local government by-elections (by comparison in the 2015-16 year the NSWEC conducted two local government by-elections and no State by-elections).

Corporate highlights include innovations in our election processes, trialling of iVote by Western Australia, the finalisation of a major investigation, the restructuring of the organisation and the development of a new strategic plan.

76 local government elections	Public elector lookup tool launched <i>www.elections.nsw.gov.au</i>	6 State by-elections
114 contested councillor elections	41,216 calls to the elector enquiry centre in 8 week peak period August-September 2016	3 local government by-elections
17 contested mayoral elections	Mobile device friendly election event website launched <i>ww.votensw.info</i>	17 elections held for clubs, statutory, boards, unions and others
2005 local government candidates	2,172 disclosures of donations and expenditure processed and published	44,322 additional voters enrolled this year
2,427,909 enrolled voters for NSW Local Government Elections 2016	iVote triated in Western Australian State General Election	3,058 candidates, groups and third-party campaigners registered for State and local government elections
\$17,389,047 paid to candidates, MPs and political parties in public funding	Electronic mark-off pilot at State by-elections	4 new divisions created from 8 former NSWEC branches

About the New South Wales Electoral Commission

Our structure

The New South Wales Electoral Commission is an independent statutory authority which oversees and enforces legislation relating to elections and political funding in NSW.

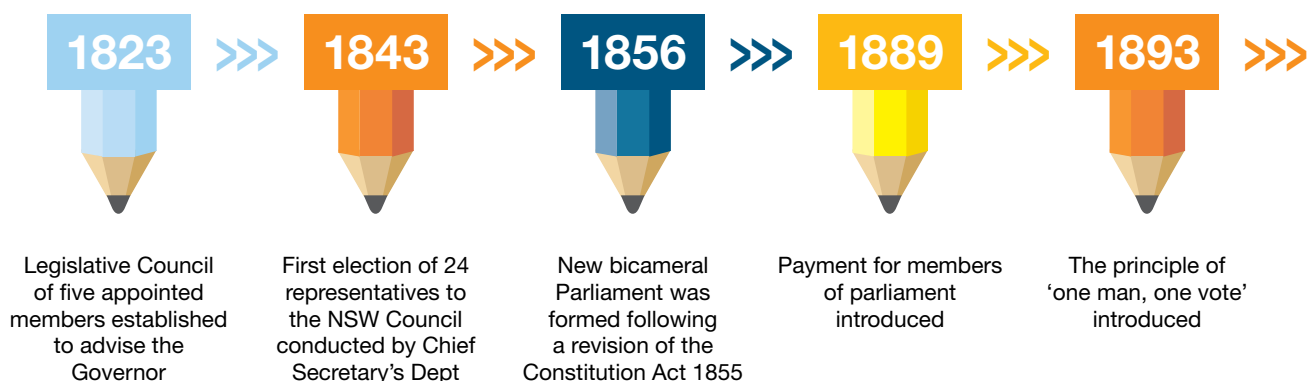
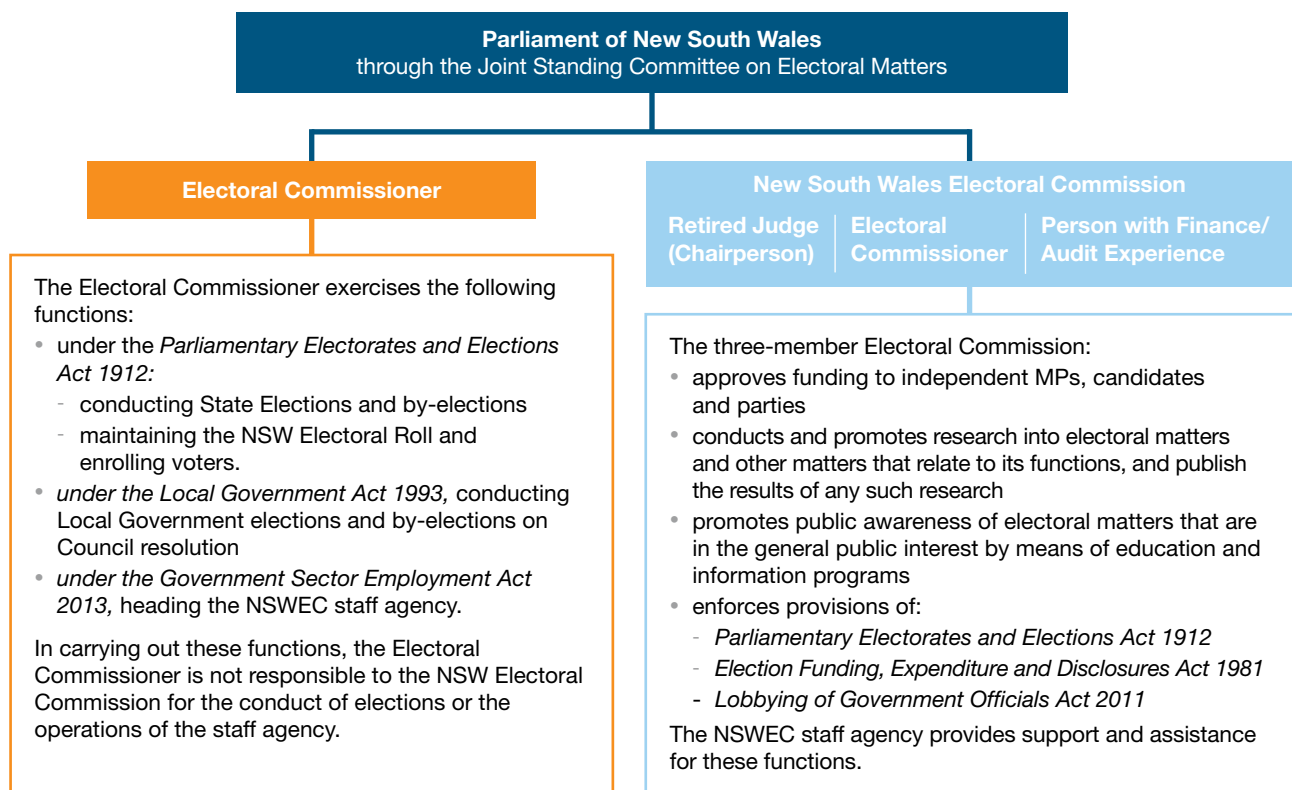
It is made up of three members, who are appointed by the Governor of NSW.

The three-member Electoral Commission is supported by a staff agency, also known as the New South Wales Electoral Commission, which assists in implementing its functions. The staff agency is a NSW Public Service agency.

The NSW Electoral Commissioner sits as one of the three members of the Commission and also heads the staff agency. In managing the staff agency and running elections, the Electoral Commissioner is not subject to the control or direction of the three-member Electoral Commission.

The NSWEC is accountable to the Parliament of NSW, and reports back to it through the Parliament's Joint Standing Committee on Electoral Matters (JSCEM).

The relationship between the three-member Electoral Commission, the Electoral Commissioner and the staff agency is outlined below:



About the New South Wales Electoral Commission continued

What we do

The NSWEC functions during 2016-17 included:

- conducting elections and by-elections for the Parliament of NSW
- conducting general elections and by-elections for local government councils
- conducting elections for registered clubs, statutory boards, the NSW Aboriginal Land Council and state registered industrial organisations
- preparing the NSW electoral roll, in conjunction with the Australian Electoral Commission
- administering election funding, expenditure and disclosure legislation, including maintaining a scheme of public funding
- administering the Register of Third-Party Lobbyists
- regulating compliance with election funding, expenditure and disclosure, third-party lobbyist and state election legislation
- providing advice to the Premier on issues affecting the conduct of state elections and by-elections, including proposed legislative reforms
- contributing to public understanding and awareness of elections and electoral matters
- reporting to the NSW Parliament on our activities.

For a historical comparison of election activity since 1985, see Appendix A on page 109.

Our legislative environment

The NSWEC operates under the:

- *Constitution Act 1902*
- *Parliamentary Electorates and Elections Act 1912*
- *Election Funding, Expenditure and Disclosures Act 1981*
- *Local Government Act 1993*
- *City of Sydney Act 1988*
- *Registered Clubs Act 1976*
- *Industrial Relations Act 1996*
- *Aboriginal Land Rights Act 1983*
- *Privacy and Personal Information Protection Act 1998*
- *Government Information (Public Access) Act 2009*
- *Public Finance and Audit Act 1983*
- *Government Sector Employment Act 2013*
- *Lobbying of Government Officials Act 2011**

* New laws applying to local council elections and local government councillors came into effect on 1 July 2016 when the *Local Government and Elections Legislation Amendment (Integrity) Act 2016* commenced. The new rules were applied for the first time at the 2016 Local Government Elections and included: capping political donations; regulating third-party campaigners; and requiring political parties to keep a campaign account.

Our strategy for 2016-17

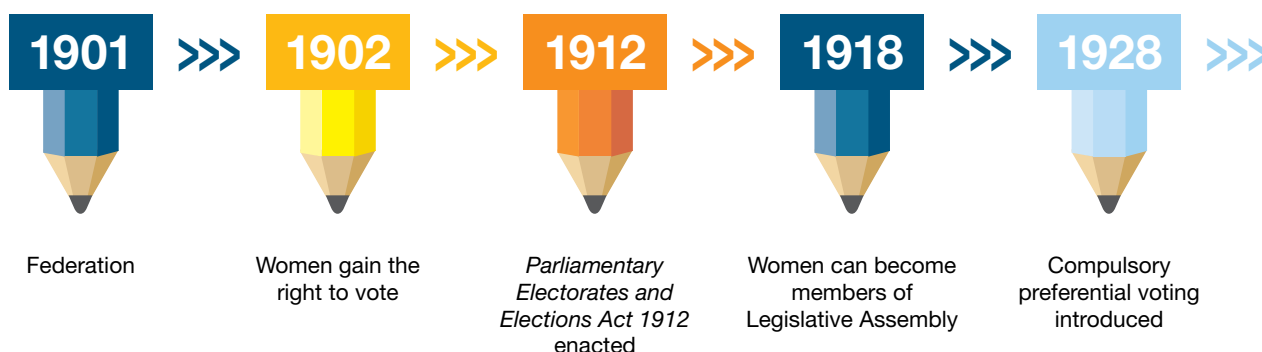
Our Vision

We aim to be recognised as the respected authority and pre-eminent provider of the electoral events, services, and regulation which underpin democracy.

Our Values

The 2016-17 Strategic Plan noted that, as the organisation transitions from the old to the new structure, business plans and staff performance plans were to be supported by its values of:

- Impartiality and integrity
- Commitment to service excellence
- One team
- Agility
- Advocates of the democratic process.



Delivering against our Strategic Themes for 2016-17

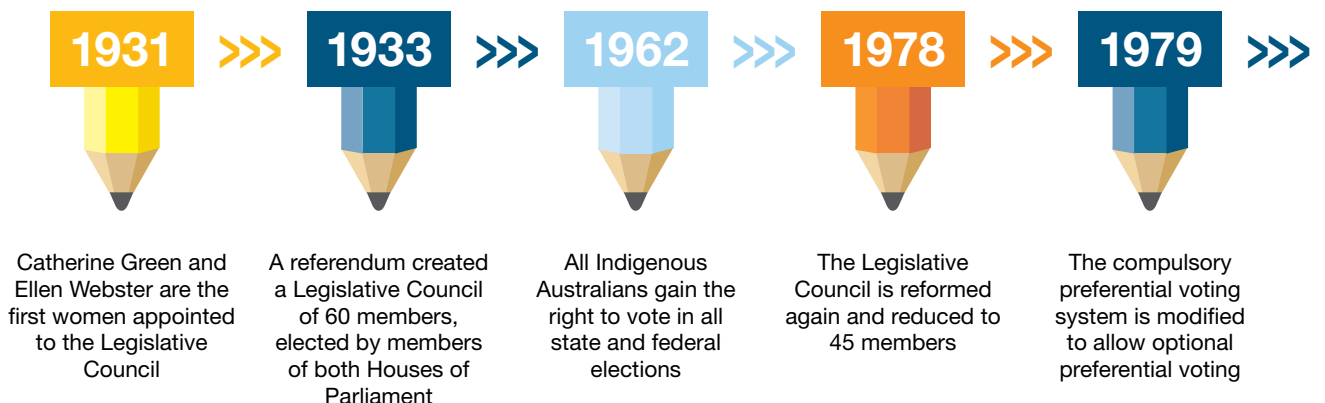
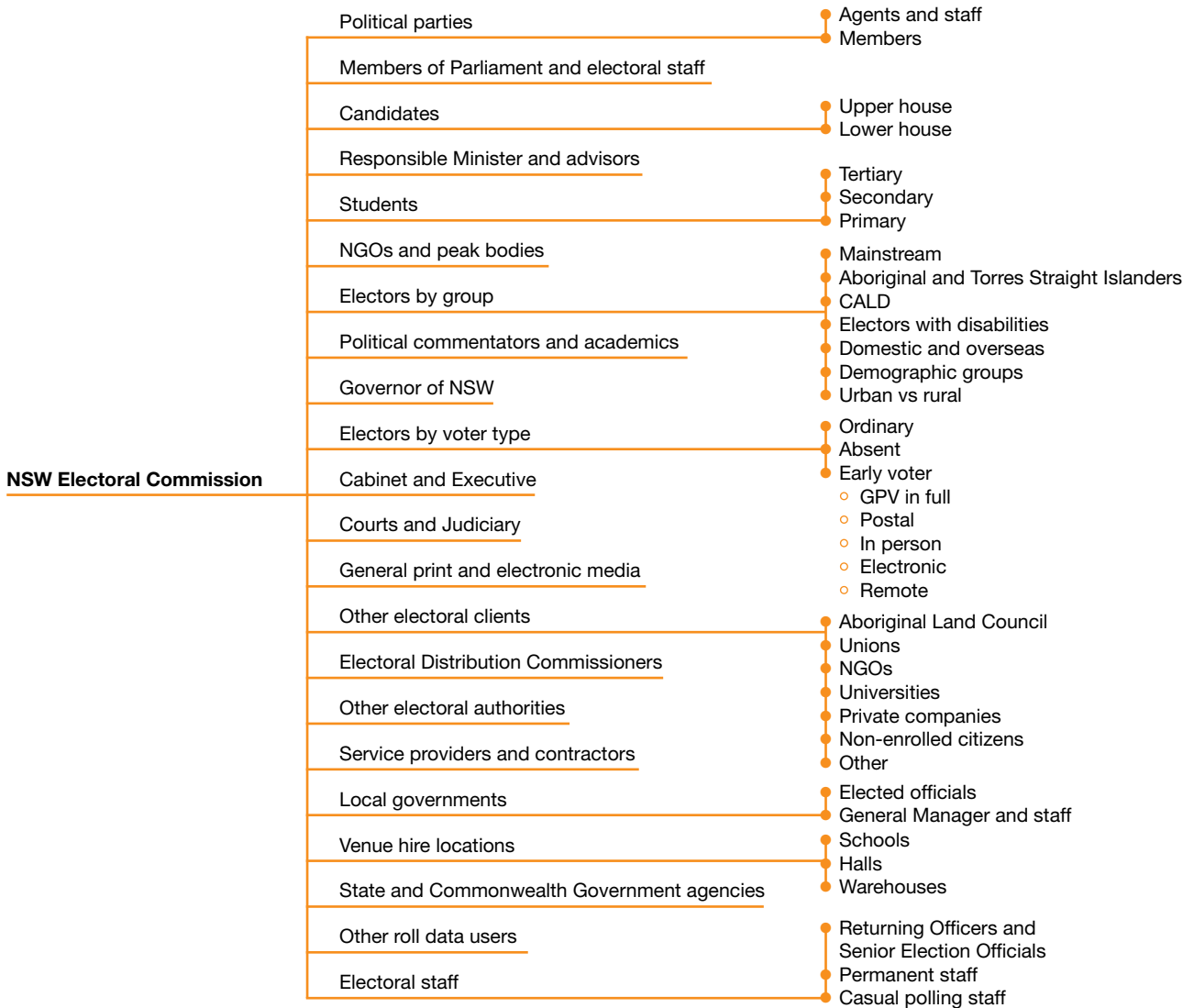
The NSWEC's Strategic Plan 2016-17 focused on four themes.

This table summarises what we set out to do and how we performed against our objectives:

STRATEGIC THEME	PROJECT	OBJECTIVE	STATUS/ACHIEVEMENT
Stakeholder engagement 	Electronic Roll Mark Off	To dispense with paper certified lists and mark electors off the roll using software on a tablet device	Pilot project run at State by-elections on 12 Nov 2016
	Roll Management System	To improve management of the NSW electoral roll	System development and testing complete
	FADMS enhancements	To increase functionality of the system to increase efficiency and data collection of Funding and Disclosure information	Implemented enhancements to improve internal access to data supporting improved stakeholder service
	Investigation Matter Management System	To better manage and analyse investigation data and information	Project established and on track for completion in September 2017
	Online Disclosure System	To provide self-service portal for registration and disclosure	Request for tender process began
Operational excellence 	Organisational restructure	To align organisation with new GSE requirements and embed core capabilities with permanent structure	Restructure completed 30 June 2017
	Data analytics	To improve data collection, analysis and reporting to enable enhanced planning capability	Implemented new data gathering processes to support election operations
	Portfolio Management Office	To embed project management methodologies into the organisation for both election events and corporate projects	New Director of PMO was appointed and project management was significantly embedded through the period, including for LGE 17 planning
	Riverwood strategy	To develop and implement a transition plan to move operations out of the Riverwood warehouse	Project established and on track for scheduled completion in the coming financial year
Talent management 	Human capital management system	To build a business case for funding to install a human capital management system that will capture, monitor and provide reporting for staff	Work underway and incorporated in 2017-20 Strategic Plan
Governance 	Policy framework	To centralise all policy documents, develop a policy framework and policy library and co-ordinate regular review and monitoring of all policy documents	New policy library was developed and ready for introduction in July 2017
	Centralised complaints management	To streamline and centralise the co-ordination of complaints processing and reporting	New system and process launched 8 May 2017
	Records management	To develop a roadmap for more consistent approach to records management in the NSWEC	Roadmap prepared and under review in the context of broader structural change.
	Business information reporting tool	To enable project owners to monitor and produce reports with respect to their project budgets in order to manage budgets more effectively	The PMO has developed a series of reporting tools to support the business as part of building project management maturity

Our stakeholders

We exist to serve the people of NSW and, in doing so, engage a wide range of stakeholders, summarised in the diagram below. During 2016-17 our work engaged many of these groups.





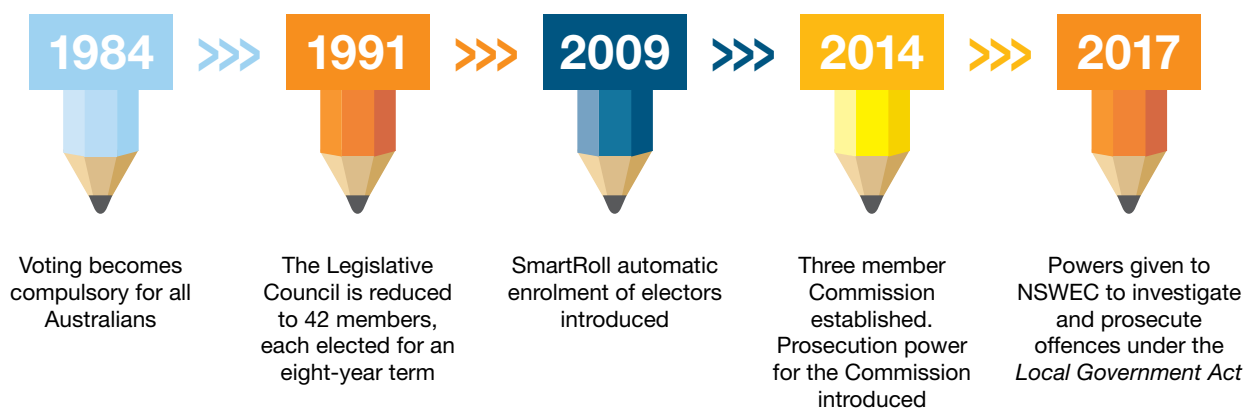
LOOKING AHEAD

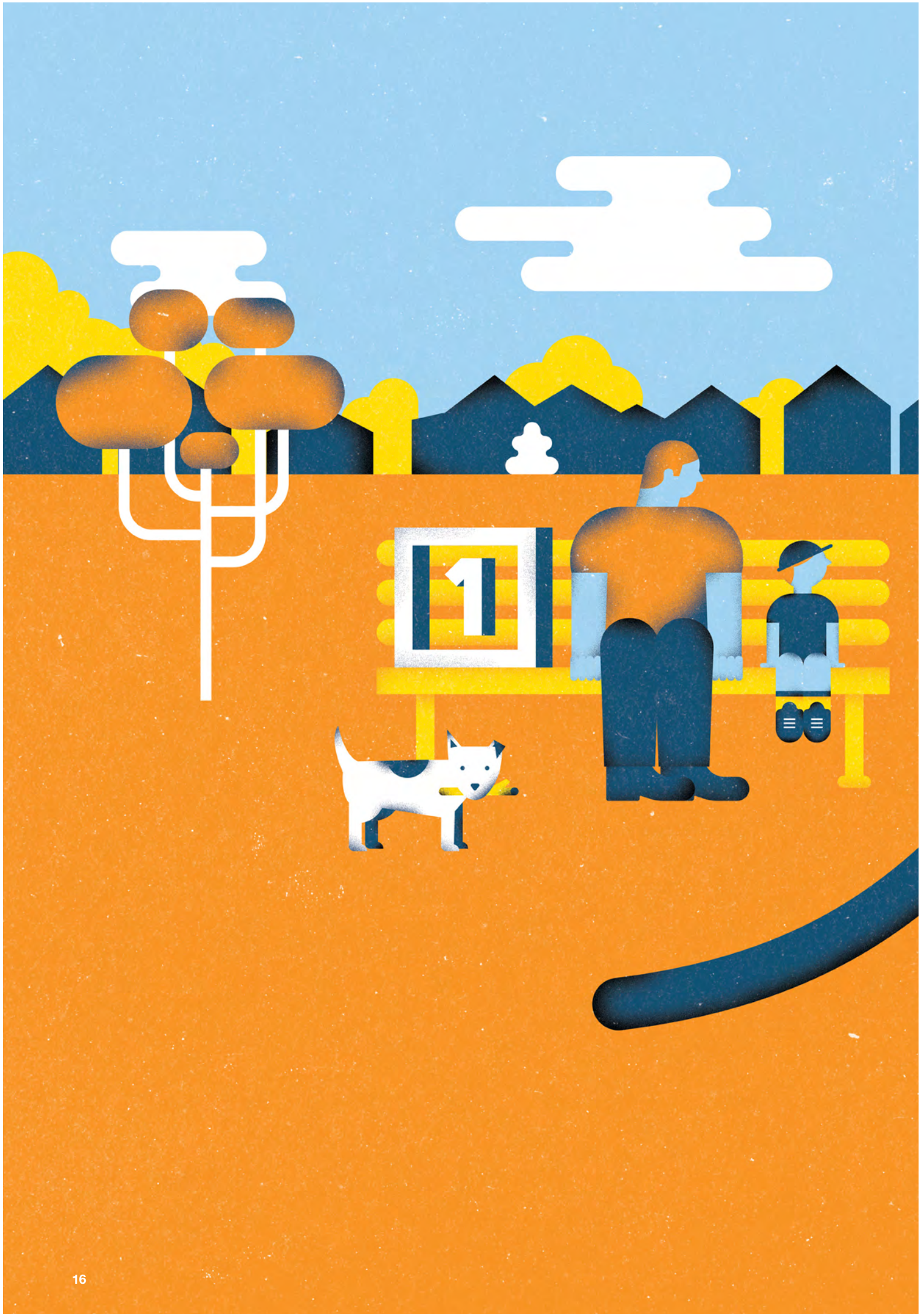
A new strategic plan for 2017-20

As part of the development of the new Strategic Plan, the NSWEC reviewed its strategic themes, goals and performance measures. The management team defined our new corporate vision and engaged staff to re-examine our values and behaviours.

The new Strategic Plan comes into effect on 1 July 2017.

See section 4 for further details of the new plan.







2

Conducting elections

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Conducting elections



Achievements during 2016-17 included:

- conducting a significant election workload, including the first tranche of Local Government Elections in September 2016, six state by-elections, three Local Government by-elections, nine registered club elections, and 11 industrial and enterprise agreement ballots
- increasing enrolment numbers by 44,322 to 5,211,724 as at 23 June 2017
- successfully employing iVote at six state by-elections
- iVote was named as a Gold Award winner in the Service Transformation for the Digital Consumer (Government) category of the Australian Computer Society's 2016 Digital Disruptor Awards.

The NSWEC is responsible for conducting:

- parliamentary general elections and by-elections
- NSW Aboriginal Land Council elections
- local council general elections and by-elections (if engaged to do so)
- elections for office holders in commercial, statutory and service organisations which engage us to do so.

We provide assistance to voters from other jurisdictions (New Zealand, and other Australian states and territories) to enable them to vote in their elections.

Building participation in the democratic process

At a time when most established western democracies are experiencing declining voter engagement and involvement, the NSWEC aims to foster voter participation and ensure effective engagement with the electoral process.

While full participation is the ideal, the decision to vote can be complex and driven by matters outside the NSWEC's control. Research shows that young people are less engaged than older voters.

Over 2016-17, we continued to focus on optimising enrolments, offering a range of voting options and improving our communications and engagement around enrolment and elections.

Enrolment participation and SmartRoll automated enrolment

Enrolment participation has remained steady during 2016-17, with 5,211,724 total enrolments as at June 2017 representing 97.4 per cent of the total estimated eligible population.

Table 1 – Number of Enrolments and percentage of eligible population

YEAR	NSW ENROLMENT	% OF TOTAL ELIGIBLE POPULATION
June 2017	5,211,724	97.4
June 2016	5,167,402	97.4
June 2015	5,062,030	96.5
June 2014	4,963,555	95.7
June 2013	4,868,528	94.9

We attribute this ongoing growth in enrolments largely to our SmartRoll system. Using SmartRoll we are able to directly enrol eligible voters by using data from other NSW Government agencies to identify people who are eligible but are not enrolled or who are incorrectly enrolled.

SmartRoll is in its seventh year of operation and is now a mature enrolment system. Over that period it has steadily increased the percentage of the eligible population registered to vote, as demonstrated in Table 1.

This year, enrolments increased by 44,322.

Table 2 – Changes in Enrolment and Population over four Local Government Elections, 2004 to 2016

LOCAL GOVERNMENT ELECTION	ENROLMENT	% CHANGE FROM PREVIOUS ELECTION	NSW POPULATION	% CHANGE FROM PREVIOUS ELECTION
2016 (split election)	5,191,850	8.7%	7,837,700	N/A*
2012	4,774,449	5.06%	7,544,000	8.08%
2008	4,544,395	11.09%	6,980,000	3.71%
2004	4,090,643	N/A	6,730,000	N/A

* Ref. ABS demographic data as at March 2017.

Offering voting options

One way to increase participation is by providing multiple options for voting to better suit the needs of voters. The NSWEC provides a range of voting options including pre-poll polling places, postal voting and iVote electronic and telephone voting.

Increased use of iVote

Our iVote online and telephone voting technology is used for a legislated and limited range of special category voters.

During 2016-17, the NSWEC offered the iVote system at six state by-elections, accepting:

- 2,203 votes for Canterbury, 1,541 votes for Orange and 2,511 votes for Wollongong districts
- 1,547 votes for Gosford, 2,296 votes for Manly and 2,483 votes for North Shore districts.

We ran a visitor program at these by-elections due to the high level of interest in the use of iVote from other Australian election management bodies.

Academic research on the trend towards early voting

Increasing numbers of Australians are voting early and we need to better understand the implications of this trend.

Through its role on the Governance Board of the Electoral Regulation Research Network (ERRN), the NSWEC is co-funding a research project entitled 'Implications of Changes to Voting in Australia' led by Professor Rodney Smith of the University of Sydney. The research team includes academics from University of Sydney, UNSW, Macquarie University and the University of Notre Dame (WA) and officials from the NSWEC and Western Australian Electoral Commission.

The questions being examined by this project are:

- what challenges and opportunities does the trend towards early voting present for Australian electoral commissions, election contestants and voters?
- how prepared are these various actors for the challenges and opportunities of different forms of voting?
- what could be done better to prepare these actors for these challenges and opportunities?

The project has gathered data from elections with a range of voting channels:

- a sample of NSW local government elections in September 2016, in which available voting channels were early, postal and ordinary voting
- The Western Australian State Election on 11 March 2017, which included a trial of remote electronic voting for the first time in that state, alongside early, postal and ordinary voting
- NSW state by-elections held on 12 November 2016 and 8 April 2017, each for three districts. These by-elections used iVote along with early, postal and ordinary voting.

There have been surveys of voters and election officials at these elections as well as observations of election processes and interviews with party officials and candidates.

Conducting elections

continued

Delivering elections in 2016-17

2016-17 saw a significant election workload for the NSWEC, which included running:

- the first tranche of Local Government Elections in September 2016
- six state by-elections
- three local government by-elections
- nine registered club elections
- 11 industrial and enterprise agreement ballots.

September 2016 Local Government elections

In light of the proposed amalgamation of certain councils, the elections due to be held in September 2016 were split into two tranches: the first was held on Saturday, 10 September 2016, with the second to follow in September 2017.

The NSW Electoral Commission's role in Local Government elections is to:

- manage the electoral roll and make sure as many eligible voters are on the roll as possible
- arrange polling places, ballot papers and equipment
- recruit and train election officials
- run campaigns to inform voters about the election, their voting options and where to find more information
- run campaigns to inform potential candidates of the election process, their obligations and entitlements
- encourage people to vote and remind them of penalties for not doing so
- establish and run systems to allow voters to enrol and to vote, including pre-poll, postal voting, voting in various declared institutions, and in person on election day
- manage the count and publish the election results.

Subject to certain legislative restrictions, councils are either able to use the NSWEC or conduct the election themselves⁴.

In the first tranche of the 2016 Local Government elections held in September 2016, **76 councils**⁵ opted to engage the NSWEC to conduct their elections, listed at Appendix C on page 112.

4. Under s 296(2) of the *Local Government Act 1993*, a council can enter into an election arrangement with the Electoral Commissioner to administer elections of the council in accordance with s 296. The alternative is for the council's General Manager to conduct the elections under s 296(1) of the *Local Government Act*. S 296(7) provides that the Electoral Commission is to conduct the first election for a new council.

5. We conducted a separate election on 29 October 2016 for Tweed Shire Council after the death of a candidate during the election period forced the postponement of the election and the accompanying referendum.

Five councils were responsible for the conduct of their own elections in September 2016: Fairfield City Council, Gunnedah Shire Council, Kempsey Shire Council, Lake Macquarie City Council and Penrith City Council.

In total during the September 2016 Local Government Elections conducted by the NSWEC:

we conducted **144 individual elections** in **63 wards** and **58 undivided council areas**

from a total of **2,181 nominations** processed by the NSWEC, there were **2005 candidates**, representing just over one elector in a thousand nominated as a prospective councillor

there were **114 contested councillor elections**, seven **uncontested** councillor elections, **17 contested** mayoral elections, and referenda for six councils

for the 76 councils, there were **86 pre-poll venues** and **954 polling places**, serving **1.97 million electors**

Engagement with election participants – electors and candidates

In delivering its election related services, the NSWEC endeavours to reach all sections of the community. This includes:

- ensuring members of the public have the information and resources they need to exercise their democratic right to vote and can access publicly available disclosures of political donations and electoral expenditure to ensure transparency of the democratic process
- giving political participants (including parties, candidates, groups, elected members, third-party campaigners, lobbyists and donors) access to current information about their entitlements and obligations
- engaging the media to build understanding of the democratic and electoral process.

Our communications are available through a range of sources including our websites (usage statistics are in Appendix D on page 113), dedicated telephone help desk enquiry services and email enquiry service.





Communications

Voter-focused campaigns

The NSWEC's most significant communications campaign during 2016-17 was in support of the September 2016 Local Government elections.

Having the elections split into two tranches posed communications challenges. There was a risk that voters would be confused about whether or not they were required to vote, especially in areas not having elections but bordering those that were. In many cases, both types of areas were serviced by the same media. This required a careful choice of channels and modification of the usual "You need to vote message" to a "Check if you need to vote" message in many cases.

Table 3 – Campaign communication channels

CHANNEL	MESSAGE	REACH
Print advertising 	<ul style="list-style-type: none"> • Enrolment • Check if you need to vote • Early voting options • Remember to vote • Registration of electoral material 	229 print advertisements in a range of Sydney metropolitan, suburban, regional, community language and Aboriginal publications throughout NSW
Radio advertising 	<ul style="list-style-type: none"> • Check if you need to vote • Early voting options • Remember to vote 	5,141 radio advertisements in Sydney metropolitan, regional, community language, Aboriginal and community radio stations
Paid digital and social media 	<ul style="list-style-type: none"> • Check if you need to vote • Early voting options • Remember to vote 	Facebook (including five community languages) 4.18m impressions Banner advertisements (more than 11.5m impressions) on Fairfax, News, nine.com.au and Yahoo7
Brochures 	<ul style="list-style-type: none"> • You might not need to vote 	Distributed to selected areas not having elections bordering areas going to election

In addition, during the 2016 Local Government elections:

- Returning Officers placed statutory advertisements in local newspapers covering enrolment, contested elections and results. Across the 76 council elections managed by the NSWEC, there were 466 statutory advertisements placed in 127 different local newspapers
- paid advertising campaigns were supported by:
 - media engagement including 25 media releases to local and state-wide media outlets and more than 40 radio interviews, resulting in 556 media mentions and more than 100 direct media enquiries
 - social media through the NSWEC's Facebook and Twitter accounts including 53 election specific Facebook posts and 51 tweets, timed to coincide with paid media were an integral part of the election support. In addition to the scheduled posts, we responded to questions and posts from the public.

Over the election period the number of people following the NSWEC Facebook page increased by 48 per cent to 6,315 and our election specific website, www.votensw.info received 1,922,822 unique page views.

The NSWEC also provided information to councils to support their communications with their constituents, including links to the NSWEC election website.

SMS/email election reminder service

Since 2008 the NSWEC has offered voters an automated election reminder service, which they can subscribe to through our website. During 2016-17:

- 30,454 voters received a reminder (across all election events)
- 94,467 reminders were sent (including 50,627 emails and 43,840 SMS).

Conducting elections

continued

Community engagement and voting support

The NSWEC aims to increase our understanding of barriers to voting and enrolment for electors and voters.

In preparation for the 2016 Local Government Elections, we continued our program of developing targeted material and approaches to reach particular sections of the community, including:

- people from a Culturally and Linguistically Diverse background (CALD)
- people with a disability
- Aboriginal voters.

Consultation with Reference Groups

In the lead-up to the 2016 Local Government elections, the NSWEC collaborated with our three reference groups to help us with community engagement, identify barriers to participation and develop Action Plans to address them:

- NSWEC Equal Access to Democracy Disability Community Reference Group
- NSWEC CALD Community Reference Group
- NSWEC Aboriginal Community Reference Group.

The reference groups and other collaboration partners provide valuable feedback on draft materials and concepts proposed by stakeholders. They also gave us access to wider networks and distribution channels, as well as helping us engage with their communities.

These groups include representatives from peak bodies, non-government organisations, and government organisations that provide services and advocacy. See page 50 for details of the membership of those groups. The Action Plans, which were used to inform the September 2016 Local Government elections (as well as other elections through the year) can be found at:

www.elections.nsw.gov.au/about_elections/community_education_resources/action_plans

We also worked with:

- Vision Australia and Blind Citizens NSW to develop Braille ballot papers
- NSW Council for Intellectual Disability (NSWCID) to develop Easy Read Guides.

The NSWEC also consulted with the Australian Electoral Commission regarding their Indigenous Electoral Participation Program (IEPP).

Targeted material and special assistance to support voters

We engage with targeted groups in the community through special-purpose content and support including:

Easy Read Guides

Easy Read Guides are targeted at individuals with an intellectual disability and are available in print and on our website. We developed Easy Read Guides using the services of the NSW Centre for Intellectual Disability, which also distributed the new guide to their members.

Auslan videos

Auslan is the sign language of the Australian deaf community. On our website, we have Auslan videos covering the different types of elections in Australia and how to enrol to vote. We produced a new video about Local Government elections for the September 2016 elections.

Multilingual assistance

Local Government elections vary in their nature (e.g. some councils have popularly-elected mayors, while others do not). This means we cannot provide a 'one-size-fits-all' set of multilingual instructions for completing ballot papers. To give voters on-the-ground support, the NSWEC promoted the use of the Translating and Interpreting Service, enabling staff to assist voters to access language support in over 160 languages.

Where possible, the NSWEC assigned bilingual staff to polling venues where there are significant numbers of voters who speak another language other than English at home.

Braille ballot papers

The NSWEC produces Braille ballot papers for vision-impaired voters.

Other voter assistance at polling places

We continue to provide a range of assistive resources at polling places, including accessible voting screens, maxi pens and magnifying sheets.

Cultural competency training and targeted recruitment

The NSWEC continues to build the cultural competence of our election staff members to help us provide respectful and culturally appropriate services.

We provide all election staff working at the Local Government Elections with access to training guides through our online training program. These modules focus on key work activities, are mapped to specific job roles and include customer service and cultural awareness training, including working with:

- electors who have a disability
- electors from culturally and linguistically diverse communities
- Aboriginal electors.

The NSWEC has developed a targeted diversity, inclusion and accessibility recruitment strategy to support the Local Government elections, including:

- increasing the diversity in the pool of applicants (applicants with no previous election experience, multilingual speakers, Aboriginal applicants and applicants with a disability)
- being inclusive in our selection practices
- improving access to employment opportunities for all electors.

Having more people from the above groups working in polling places has a positive impact on addressing accessibility barriers. We promote work opportunities through our reference groups, social media, and through community specific networks. When employing staff with bilingual skills, we aim to employ people who speak the languages prevalent in a particular Local Government Area.

This strategy delivered the following results for the 2016 Local Government elections:

Table 4 – Electoral staff diversity

CATEGORY	PERCENTAGE
Election Staff who identified as Aboriginal or Torres Strait Islander	2.30%
Election Staff who declared they had a disability	1.82%
Election Staff who spoke a language other than English	18.7%
Election Staff who had no previous election work experience	19.64%

Engaging candidates and other political participants

Resources for political participants

Following a review of the registration process for candidates, groups and their agents for previous Local Government elections, we identified and implemented a range of improvements.

These included:

- new forms and processes for registration of candidates, groups and their agents
- investing in staff training to provide professional and effective service to stakeholders and team readiness
- improving the efficiency of our internal processes.

The simplified registration process led to increased rates of registration and official agent appointments.

We developed a Candidate Information Kit and upgraded our website information about the Local Government elections for registered political parties, candidates and the public and including a 'Planning to be a candidate' link on the homepage. This guided candidates to what they need to register, nominate and appoint an official agent for the election, including through an information presentation, and candidate handbook and links to necessary forms.

This was supported by a stakeholder awareness campaign to enhance the existing seminar and web based education programs including:

- web-based information presentations for candidates and groups
- targeted web pages for candidates, groups, political parties and political donors
- targeted communications to councils and registered parties with information they can share with candidates
- improvements to the online training program for official agents.

Conducting elections

continued

Awareness campaign for new requirements

During 2016-17, the NSWEC ran an awareness campaign to inform stakeholders about new disclosure requirements under the Local Government and Elections Legislation Amendment (Integrity) Act 2016, which came into effect on 1 July 2016. The NSWEC has responsibility for the parts of the Act that relate to the *Election Funding, Expenditure and Disclosures Act 1981* and the *Local Government Act 1993* as they relate to the conduct of local council elections.

New rules designed to promote integrity in the local government electoral process and make their political donation regulations consistent with those for State elections were applied for the first time at the 2016 Local Government elections and included:

- capping political donations
- regulating third-party campaigners
- requiring political parties to keep a campaign account.

Using a targeted campaign, the NSWEC informed key stakeholders of the new provisions and what they needed to do ahead of the first tranche of the Local Government elections in September 2016.

Candidate Helpdesk

A Candidate Helpdesk was set up ahead of the September 2016 Local Government elections to support candidates who needed further information or whose questions were not answered by our website resources.

The Candidate Helpdesk operated from 17 June to 29 September 2016 and received 3,707 calls.

Local Government By-elections

During 2016-17, the NSWEC conducted three by-elections for local government.

Table 5 – Local Government By-elections 2016-17

BY-ELECTION	DATE
Lithgow Councillors (two vacancies)	8/4/2017
Blacktown Councillor	8/4/2017
Campbelltown Councillor	18/3/2017

State By-elections

During 2016-17, the NSWEC conducted six state by-elections:

Table 6 – State By-elections 2016-17

BY-ELECTION	DATE
Canterbury	12/11/2016
Orange	12/11/2016
Wollongong	12/11/2016
North Shore	8/4/2017
Manly	8/4/2017
Gosford	8/4/2017

The NSWEC prepares reports on the conduct of state by-elections and provides them to the Parliament and Premier. The Minister for Local Government and the relevant council receives reports for local government by-elections. These reports are made available on our website.

In the 2016-17 reporting period, we published reports on the Canterbury, Orange and Wollongong by-elections. Reports on the remaining by-elections will be published in 2017-18.

Commercial Elections

The NSWEC conducted 17 elections for clubs, statutory boards, unions and other bodies.

Table 7 – Commercial elections conducted by NSWEC 2016-17

REGISTERED CLUB	STATUTORY/INDUSTRIAL
Canada Bay Club Ltd – GROUP 1	ClubsNSW – Directors (Group 2)
West Tradies Club	Public Service Association (PSA) of NSW
Auburn Tennis and Recreation Club	TAB Agents' Association of NSW
NSW Gun Club	NSW Architects Registration Board
Leichhardt Bowling and Recreation Club	Bus and Coach Industrial Association
Canley Heights RSL and Sporting Club 2017	APESMA – Executive Officers
Cronulla Sutherland Leagues Club (Group 2)	ClubsNSW – Regional Councillors
Miranda RSL Sub-Branch Club	Racing Guild of NSW
	Transport Workers Union NSW – 2nd Assistant Secretary position only

Assisting other jurisdictions

The NSWEC continued to collaborate with other states holding elections including:

- enabling the WA Electoral Commission (WAEC) to trial the use the NSWEC's iVote system for the March 2017 WA State General Election
- offering early polling places on behalf of a number of other jurisdictions to enable people from those areas to cast their votes at election time:

Table 8 – Early voting services offered to other jurisdictions 2016-17

STATE/TERRITORY	ELECTION	ELECTION DAY
Tasmania	Legislative Council Election	6/5/2017
Western Australia	Western Australia State General Election	11/3/2017
ACT	ACT Legislative Assembly Election	15/10/2016
Northern Territory	Northern Territory General Election	27/8/2016
Queensland	State by-election	16/7/2016

Conducting elections

continued

Other election related meetings

The NSWEC liaises with other jurisdictions and other interested parties to keep up to date with developments in the election sphere. During 2016-17, the NSWEC made presentations at the following forums:

Table 9 – Speeches and conference papers

FORUM/MEETING	SUBJECT	DATE
Delegation from Thailand	Presentations on iVote	26/9/2016
Visitor program for iVote at State by-elections	Walkthrough and presentations on iVote for representatives of other electoral commissions in Australia	12/11/2016
Guest Lecture at UNSW, Faculty of Law	Remote electronic voting in NSW and around the world	1/5/2017
Presentation to Electoral Matters Committee of the Victorian Parliament	Electronic voting and the NSW iVote System	18/11/2016
Delegation from Vietnam	Presentations on NSW elections, enrolment, compulsory voting, campaign finance, lobbyists and iVote	13/12/2016
Electoral Commission Queensland	Presentation on iVote systems	13/12/2016
Indian delegation at NSW Parliament House	Presentation on running NSW elections	4/5/2017



LOOKING AHEAD

Challenges and opportunities in 2016-17:

- applying learnings from the September 2016 Local Government elections to the second tranche of elections in September 2017
- using new communications approaches to build engagement with participants in the electoral and democratic process
- developing new digital applications to improve services to electors
- further examining the electronic roll mark-off application for tablets, to continue to improve voter experience at polling places.



3

Regulating the electoral environment

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Regulating the electoral environment



Achievements during 2016-17 included:

- NSWEC inspectors conducted proactive compliance operations at the State by-elections, supporting Returning Officers and polling place staff in promoting compliance with electoral requirements by the public, candidates and party workers. This was the first operation since amendments to the *Parliamentary Electorates and Elections Act 1912* empowering the NSWEC to regulate state elections
- the NSWEC:
 - commenced proceedings for offences in relation to the 2015 State election
 - successfully prosecuted an individual for using enrolment information for a purpose not permitted under the PEE Act
 - concluded investigations in relation to matters arising from the ICAC's Operation Spicer
- the NSWEC contributed to the development of legislative proposals relating to the conduct of state and local government elections, the regulation of state and local government election campaign finance and the regulation of third-party lobbyists
- the NSWEC hosted the first interjurisdictional Funding and Disclosure Workshop on 28 April 2017 to discuss issues relevant to election campaign regulators.

Overview

The NSWEC has responsibility for:

- regulating electors' compliance with their enrolment and voting responsibilities, as well as registration, funding and disclosure provisions by political parties, elected members, candidates and third-party campaigners
- maintaining registers of political parties, candidates, agents, third-party campaigners and lobbyists
- publishing disclosures of political donations and electoral expenditure made by parties, candidates, elected members, third-party campaigners and donors
- regulating compliance with the legislation for state elections, enrolment, voting, lobbying and election campaign finances
- administering public funds to eligible political parties, candidates and Members of Parliament.

To ensure adherence to legislative requirements around election campaign finances, we undertake extensive compliance work, and in 2014 we were given power to investigate and prosecute State election and lobbyist offences.

We support stakeholders who are subject to these laws by providing information through our website, call centres, seminars, guides, fact sheets, policies, presentations and conferences and other client services.

The NSWEC is responsible for regulation of laws that seek to prevent corruption and undue influence of political parties, candidates and elected officials at state and local government elections in NSW. These laws are contained within the:

- *Election Funding, Expenditure and Disclosures Act 1981* (EFED Act)
- *Parliamentary Electorates and Elections Act 1912* (PEE Act)
- *Lobbying of Government Officials Act 2011* (LOGO Act).

The EFED Act:

- provides for the registration of candidates, groups, third-party campaigners and agents at State and Local Government elections
- provides public funding to eligible parties, MPs and candidates
- requires the disclosure of political donations and electoral expenditure by parties, elected members, candidates, groups, third-party campaigners and major political donors
- regulates political donations and electoral expenditure.

The LOGO Act provides for the registration of third-party lobbyists.

The PEE Act provides for the conduct of State elections, the registration of political parties and the maintenance of the electoral roll.

Local Government and Elections Legislation Amendment (Integrity) Act 2016

On 1 July 2016, new laws relating to local government elections and local government councillors came into effect, with the commencement of the *Local Government and Elections Legislation Amendment (Integrity) Act 2016*. These laws aim to promote integrity in the local government electoral process and make political donation regulations for Local Government elections and State elections consistent. The new rules governing Local Government elections include: capping political donations, regulating third-party campaigners and requiring political parties to keep a campaign account.

The NSWEC initiated an awareness campaign to inform stakeholders about the changes to the law (see page 24) and promoted the new rules, with a particular focus on communicating to participants in the lead up to the 2016 and 2017 Local Government elections.

This section outlines the key regulatory functions and activities undertaken by the NSWEC in 2016-17. The focus here is on regulation (political parties and other election participants) and awareness, disclosure, public funding and compliance (including lobbyists).

Registration of political parties

Political parties wishing to nominate candidates at State or Local Government elections must apply to be registered under the *Parliamentary Electorates and Elections Act 1912* (for state elections) or the *Local Government Act 1993* (LG Act) (for Local Government elections). To be eligible for registration, a political party must have the requisite number of members who are enrolled to vote at NSW elections and a written constitution that sets out the platform or objectives of the party.

To be a registered party, a political party must apply to the NSW Electoral Commissioner. The application must be in accordance with the *Parliamentary Electorates and Elections Act 1912* or the *Local Government Act 1993* (as applicable). Registered political parties must demonstrate their continued eligibility for registration to the Electoral Commissioner by 30 June each year.

Political parties registered for State elections may be eligible to receive public funding under the *Election Funding, Expenditure and Disclosures Act 1981*. No public funding is provided for parties registered for local government elections.

The Electoral Commissioner maintains publicly available registers of political parties. In 2016-17:

State elections:

- no new political parties were registered for State elections under Part 4A of the *Parliamentary Electorates and Elections Act 1912*. One party previously registered for State elections was deregistered at the request of the party's registered officer
- as at 30 June 2017, there were **14 political parties registered** for state elections in NSW. See Appendix E on page 114.

Local Government elections:

- no new political parties were registered for Local Government elections under Part 7 of Chapter 10 of the *Local Government Act 1993*
- one party registered for Local Government elections was deregistered in 2016-17, also at the request of the party
- as at 30 June 2017, there were **30 political parties registered** for Local Government elections in NSW. See Appendix J on page 118.

Regulating the electoral environment

continued

Registration of electoral participants

Registration of candidates, groups, third-party campaigners, party agents and official agents occurs under the *Election Funding, Expenditure and Disclosures Act 1981*. The NSWEC keeps and maintains publicly available registers of these individuals and entities.

Candidates and groups must register for an election with the NSWEC before accepting political donations and incurring electoral expenditure. Candidates and groups that do not apply to be registered for an election are deemed to be registered by the NSWEC on nomination day.

Third-party campaigners must register for an election with the NSWEC before incurring more than \$2,000 in electoral communication expenditure during the capped expenditure period for a State or Local Government election.

Elected members, candidates, groups and third-party campaigners must have an official agent. Each political party must have a party agent. Agents are responsible for the management and disclosure of political donations and electoral expenditure.

The NSWEC registered a total of **3,058 candidates, groups and third-party campaigners** for the State and Local Government elections.

The following table provides a summary of candidate, group and third-party campaigner (TPC) registrations:

The NSWEC reviewed and streamlined the process for candidate and group registrations for the 2016 Local Government elections. Previously, candidates had to complete at least two forms: one to register for an election, and another to notify the NSWEC of the appointment of their official agent. Candidates who were members of a group had to complete additional forms. New processes and forms introduced for the 2016 Local Government elections covered registration and notification of appointment of an official agent in a single form. To support the new processes and forms, we added new content to the NSWEC website to help candidates, groups and agents understand how to navigate through the registration process.

Education and Awareness

The NSWEC helps stakeholders understand their obligations and entitlements under the EFED Act, the LOGO Act and the PEE Act with the aim of improving compliance. In 2016-17, we continued to increase our stakeholder education and awareness activity for the EFED Act expenditure and disclosures regime.

The NSWEC website provided participants in the 2016 and the 2017 Local Government Elections with information on the requirements for (among other things) registration, appointment of agents and being nominated as a candidate for an election.

Table 10 – Candidate, Group and Third-Party Campaigner (TPC) registrations

ELECTION EVENT	NO. CANDIDATES REGISTERED	NO. CANDIDATES DEEMED REGISTERED	NO. GROUPS REGISTERED	NO. GROUPS DEEMED REGISTERED	NO OF TPCS REGISTERED
2016 Local Government elections	1,383	1,039	225	133	3
2017 Local Government elections	82	0	16	0	0
Blacktown City Council 2017 Local Government By-election	4	0	0	0	0
Campbelltown City Council 2017 Local Government By-election	2	1	0	0	0
Canterbury 2016 State By-election	2	1	0	0	2
Gosford 2017 State By-election	1	5	0	0	6
Lithgow City Council 2017 Local Government By-election	5	3	1	1	0
Manly 2017 State By-election	7	5	0	0	4
North Shore 2017 State By-election	5	4	0	0	3
Orange 2016 State By-election	6	2	0	0	9
Tweed Shire Council 2016 Local Government Election	65	11	13	2	0
Wollongong 2016 State By-election	5	0	0	0	2
Total	1,567	1,071	255	136	29

We developed a new Public Interest Information webpage (http://www.elections.nsw.gov.au/about_us/public_interest_information) to foster transparency, promote awareness and encourage observance of the law. This provides easy access to a broad range of our information and data.

Official agents are obliged to complete an authorised training program, which we provide through an online training module on our website.

During the reporting period, **460 people** completed this online training.

We also published and distributed seven media releases and statements from the Chairperson of the Commission on NSWEC enforcement activities, to build public awareness.

Election Funding, Expenditure and Disclosures Act 1981

2017 Disclosure Lodgement period

This year we reviewed disclosure forms and information material to make them easier and simpler to use. We took into account learnings from the previous reporting period, feedback from users and observations and commentary from subject matter experts within the NSWEC. Disclosure forms can be completed online, then printed, signed and submitted. At present there is no option for online submission of disclosures.

Disclosures

Political donations and electoral expenditure are regulated by the NSWEC in accordance with the provisions of the *Election Funding, Expenditure and Disclosures Act 1981*, and must be disclosed to the NSWEC following every financial year. Declarations of disclosure must be made by:

- political parties (whether registered or not)
- elected members of the NSW Parliament and local councils
- candidates and groups
- third-party campaigners
- major political donors (includes an entity or other person (not being a party, elected member, group or candidate) who makes a reportable political donation of or exceeding \$1,000).

Declarations are to be made to the NSWEC each year between 1 July and 22 September (or between 1 July and 20 October for major political donors). The NSWEC publishes declarations of disclosures of political donations and electoral expenditure online following the end of a disclosure lodgement period.

Political donations

Strict rules apply to political donations in NSW. A political donation is defined as a gift made by a person or entity to or for the benefit of a candidate, a group of candidates, a political party or an elected member.

Donations include:

- money
- non-monetary gifts
- the provision of free or discounted services
- party membership and affiliation fees
- tickets or other items for a fundraising venture or function
- uncharged interest on loans
- transfers between a party and candidates
- transfers between a party and an interstate or federal branch of the party.

Donations can only be made by eligible individuals or entities and are subject to specific caps. From 1 July 2016, these caps also applied to Local Government elections and local councillors.

The caps on political donations are adjusted for inflation each financial year.

The adjusted caps for the 2016-17 financial year were:

- \$5,900 to or for the benefit of a registered political party
- \$5,900 to or for the benefit of a group
- \$2,600 to or for the benefit of an unregistered party
- \$2,600 to or for the benefit of a candidate
- \$2,600 to or for the benefit of an elected member
- \$2,600 to or for the benefit of a third-party campaigner.

Regulating the electoral environment

continued

Electoral expenditure

Electoral expenditure is expenditure for or in connection with, directly or indirectly, promoting or opposing a political party or the election of one or more candidates or for the purpose of influencing the voting at an election.

Electoral communication expenditure is a sub-set of electoral expenditure and is capped at State elections. The caps on electoral communication expenditure are adjusted for inflation every four years after a State general election. The current caps were adjusted in the 2014-15 period and are due to be adjusted again in the 2018-19 period.

Electoral communication expenditure incurred in connection with a State election may be reimbursed to eligible political parties and candidates.

2015-16 Disclosure lodgement period

Declarations of disclosure are lodged and assessed for compliance in the subsequent financial year.

For the disclosure period ending 30 June 2016, the NSWEC received 2,124 declarations together with 48 amendments resulting in a total of 2,172 declarations and amendments.

Donations disclosed

The NSWEC is responsible for receiving details of, and reporting on, donations received by political parties, candidates, groups, elected members and third-party campaigners.

During the period 1 July 2015 to 30 June 2016, State registered parties reported receiving **\$4,621,447.88** from **43,707 donations** while Local Government election parties reported receiving **\$207,688.79** from **894 donations**. There was one unregistered party that reported receiving \$259 from four donations.

Extension of due date for lodging declarations

Declarations were required to be lodged with the NSWEC by 22 September 2016, except in the case of major political donors⁶, who were required to lodge their declarations by 20 October 2016. A person can be given an extension of time to lodge the declaration if the NSWEC is satisfied there is good cause do so and the person has requested the extension before the due date.

The due date for lodging a declaration was extended in 61 cases, as shown in Table 12 on the opposite page.

On-time lodgement rates

Approximately **2,227 declarations** were required to be lodged for the disclosure lodgement period (refer Table below). Taking into account lodgement extensions, **71 per cent** of disclosures were lodged by the due date. The on-time lodgement rate increases to **75 per cent** when political donor lodgement rates are excluded.

Elected members include members of parliament and local government councillors. Candidates and groups include those for state and local government elections. For the disclosure period ending 30 June 2016, third-party campaigners were only relevant to State elections.

Declarations not accompanied by an auditor's certificate

Declarations of political parties, elected members, candidates, groups and third-party campaigners must be certified by a registered company auditor before they are lodged with the NSWEC. The NSWEC may waive this requirement under certain circumstances (for example, where the person or organisation is not entitled to public funding for the state election campaign) in all cases except for political parties. Major political donors are not required to have their declarations certified by a registered company auditor. For the disclosure period ending 30 June 2016, the NSWEC waived this requirement in 1,544 cases.

The table below shows the number of declarations identified as lodged without an auditor's certificate:

Table 11 – Declarations lodged without an auditor's certificate

STAKEHOLDER TYPE	NO AUDIT CERTIFICATE AND REQUIREMENT NOT WAIVED	AUDIT REQUIREMENT WAIVED
Parties	0	N/A
Elected members	1	1,503
Groups	0	7
Candidates	0	34
Third-party campaigners	0	0
Total	1	1,544

6. A major political donor is defined Section 84 of the *Election Funding, Expenditure and Disclosures Act 1981* as "an entity or other person (not being a party, elected member, group or candidate) who makes a reportable political donation of or exceeding \$1,000". It also includes an entity or person who makes more than one donation in the same year which in aggregate equals \$1000 or more. This is also in line with the definition of "reportable political donation" under Section 86 of the *Election Funding, Expenditure and Disclosures Act 1981*. Major political donors have an obligation to lodge a declaration of disclosure under the Act. Failure to lodge a disclosure exposes a major political donor to warning, cautions, penalty notices or prosecution. A person who makes a "small political donation", that is, a donation of less than \$1000 in total or in aggregate, is not required to lodge a declaration of disclosure with the NSWEC.

Table 12 – Extension of due date for lodging declarations

STAKEHOLDER TYPE	REQUEST RECEIVED	REQUEST APPROVED	REQUEST REFUSED	REQUEST MADE OUT OF TIME
Parties	6	6	0	0
Elected members	55	53	1	1
Candidates	0	0	0	0
Third-party campaigners (TPCs)	0	0	0	0
Donors	2	2	0	0
Total	63	61	1	1

Table 13 – Disclosure obligations and declarations made by category

	NO. OF DISCLOSURE OBLIGATIONS	LODGED ON TIME	LODGED LATE	NOT LODGED	ON-TIME LODGEMENT RATE
Parties	54	42	8	4	78%
Elected members	1,590	1,203	305	82	76%
Groups	7	5	2	0	63%
Candidates	36	24	10	2	63%
Third-party campaigners	0	0	0	0	N/A
Donors (individuals)	340	308	150	150	52%
Donors (entities)	214	132	65	17	61%
Total	2,241	1,714	540	255	

Political party declarations

Political parties are required to lodge copies of the party's audited annual financial statements and associated financial records with their declarations. These records assist the NSWEC in undertaking compliance audits.

The table below shows the number of declarations lodged by the parties both with and without financial documents. Section 96N of the *Election Funding, Expenditure and Disclosures Act 1981* and clause 8B of the EFED Regulations require certain financial documents to be lodged with the declaration of disclosures (e.g. annual audited financial statements, ledgers, chart of accounts).

Table 14 – Lodgement of financial records of parties

DOCUMENT	LODGED WITH DECLARATION	NOT LODGED WITH DECLARATION
Audited financial statements	19	30
Financial records	17	32
Chart of accounts	15	34
Trial balance	20	39
Bank statements	31	18
Total	102	153

For this reporting period, the disclosure forms for political parties requested additional information to assist the NSWEC in undertaking compliance audits and provide more transparency to the public. Requiring this information in the disclosure forms was one of the Panel of Experts Political Donations' recommendations⁷. The additional information requested was:

- reportable political donations: to whom, or for whose benefit, a political donation was made
- reportable loans: the term of a reportable loan
- electoral expenditure: for which electorate electoral communication expenditure was incurred.

7. In 2014 the NSW Government established a panel of experts to investigate the potential for further reforms to election funding laws. On 24 December 2014 the Panel delivered its final report to the Governor and Premier.

Regulating the electoral environment

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'Nil' declarations

A declaration is known as a 'nil' declaration where it contains no political donations or electoral expenditure.

The table below shows for each category the number of 'nil' declarations.

Table 15 – Nil declarations

STAKEHOLDER TYPE	NIL DECLARATION (NUMBER)	NIL DECLARATION (% OF DECLARATIONS LODGED)
Parties	12	24
Elected members	968	65
Groups	19	95
Candidates	380	41
Third-party campaigners	8	16
Donors (individuals)	4	0.06
Donors (entities)	1	0.2
Total	1,392	38

Electoral Expenditure incurred

The table below shows the disclosed amount of electoral expenditure incurred. Amounts are displayed as millions:

Table 16 – Electoral expenditure incurred (\$ millions)

	ADVERTISING	EMPLOYING STAFF	INTERNET AND UTILITIES	OFFICE ACCOMMODATION	PRODUCTION AND DISTRIBUTION OF ELECTION MATERIAL	RESEARCH	TRAVEL	OTHER	TOTAL
Parties	\$46,276	\$23,425	\$12,655	\$5,411	\$10,451	\$4,220	\$0	\$904,253	\$1,006,691
Elected members	\$21,204	\$0	\$7,016	\$0	\$12,733	\$250	\$521	\$23,689	\$65,413
Candidates	\$0	\$0	\$746	\$0	\$150	\$0	\$0	\$0	\$896
Groups	\$0	\$0	\$189	\$0	\$0	\$0	\$0	\$3	\$192
TPCs	-	-	-	-	-	-	-	-	-
Total	\$67,480	\$23,425	\$20,606	\$5,411	\$23,334	\$4,470	\$521	\$927,945	\$1,073,192

Political donations made

The table below shows the disclosed amount of political donations made:

Table 17 – Political donations made

	SMALL DONATIONS	REPORTABLE DONATIONS	TOTAL
Parties	\$20	\$1,000	\$1,020
Elected members	\$125,696	\$752,577	\$878,273
Candidates	\$120	\$0	\$120
Groups	\$0	\$0	\$0
TPCs	-	-	\$0
Donors	-	\$3,228,770	\$3,228,770
Total	\$125,836	\$3,982,347	\$4,108,183

Political donations received

The table below shows the disclosed amount of political donations received. The value of donations received by political parties and others exceeds the value of donations disclosed as having been made by political donors as shown in the table above. This is due to a number of factors including:

1. donors have a lower rate of disclosing political donations made compared with those of parties or individuals who receive political donations
2. donors are not required to disclose political donations valued at less than \$1,000.

Table 18 – Political donations received

	ANNUAL SUBSCRIPTIONS	SMALL DONATIONS	REPORTABLE DONATIONS	TOTAL
Parties	\$3,823,497	\$1,701,058	\$3,128,338	\$8,652,893
Elected members	-	\$63,945	\$67,331	\$131,276
Candidates	-	\$0	\$0	\$0
Groups	-	\$2,891	\$0	\$2,891
TPCs	-	-	-	\$0
Total	\$3,823,497	\$1,767,894	\$3,195,669	\$8,787,060

2016/2017 Disclosure obligations (to be lodged in 2017/2018)

For the 2016-17 disclosure period, disclosure forms are due to be lodged in the next reporting period starting 1 July 2017. The numbers of people or entities which the NSWEC anticipates will have disclosure obligations are set out below.

Table 19 – People or entities with disclosure obligations

STAKEHOLDER TYPE	NUMBER OF DISCLOSURE OBLIGATIONS
Candidate	2,408
Elected member	1,550
Group of candidates	365
Political party	50
Major political donors*	0
Third-party campaigners	29
Grand Total	4,432

* Number of major political donors not confirmed at time of printing

Regulating the electoral environment

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Public Funding

A party is eligible for public funding for a State election if, among other things, it is a registered party and the total number of first preference votes received by the party's endorsed candidates in either the Legislative Assembly or Legislative Council election is at least four per cent or at least one endorsed candidate of the party is elected.

A candidate is eligible for public funding for a State election if, among other things, he or she is a registered candidate and receives at least four per cent of the first preference vote in their district (in the case of a Legislative Assembly candidate) or, in the case of a Legislative Council candidate, was not a member of an endorsed group and receives at least four per cent of the first preference vote in the Legislative Council, or the candidate is elected.

In addition to the information above, there are also maximum limits on the amounts parties and candidates can spend on electoral communication expenditure during the capped expenditure period for a State election. The expenditure caps apply regardless of whether a party or candidate is eligible to receive public funding.

There are no expenditure caps at Local Government elections.

The expenditure caps which apply to State by-elections held from 29 March 2015 until and including the 2019 State General Election are outlined in Appendix G on page 116.

Public funding is available to reimburse eligible registered political parties, candidates and elected members for certain expenditure incurred up to limits specified in the *Election Funding, Expenditure and Disclosures Act 1981*.

Eligible state registered parties, candidates and elected members can claim public funding from:

- the **Election Campaigns Fund**, which provides public funding to eligible parties and candidates for electoral communication expenditure incurred at a State general election or by-election
- the **Administration Fund**, which distributes public funds to eligible parties and independent members of parliament in respect of their annual administrative expenditure
- the **Policy Development Fund**, which distributes funds to eligible parties that are not eligible for payments from the Administration Fund, for their annual expenditure on policy development.

There is no public funding for parties or candidates at Local Government elections in NSW or for elected members of local councils.

Election Campaigns Fund

The purpose of the Election Campaigns Fund is to reimburse eligible candidates and political parties for electoral communication expenditure incurred during the capped expenditure period for a State general election or State by-election.

The amount of expenditure reimbursed to eligible parties and candidates from the Election Campaigns Fund is a proportion of actual electoral communication expenditure incurred for a State election, during the capped expenditure period for the election. It is subject to an expenditure cap. Expenditure in excess of the cap will not be reimbursed.

For a State general election, a party that received funding for the previous state general election may be entitled to receive an advance payment, in the six months before the general election, equal to 30 per cent of the total amount the party was entitled to receive for the previous state election from the Election Campaigns Fund.

Claims for payment must be lodged with the NSWEC within 120 days of the return of the writs for the election. For a State general election, if the NSWEC is unable to finalise the party's claim within 14 days, it must make a preliminary payment of 70 per cent of the party's estimated maximum entitlement to the party minus any advance payment already made.

In 2016-17 the NSWEC processed claims for payment from eligible political parties and candidates for reimbursement of campaign expenditure incurred at the 2015 State election and a number of State by-elections.

Risk-based reviews were undertaken for each claim for payment made by an eligible party or candidate. A risk-based approach may include auditing a sample of expenditure included in a claim. A risk profile will be determined for a party or candidate based on the likelihood and consequence of potential incidents of non-compliance.

A total of **\$3,352,565** was paid from the Election Campaigns Fund to two political parties for electoral communication expenditure incurred in relation to the 2015 State General Election (refer to Appendix H on page 116 for details).

A total of **\$15,041** was paid to one candidate from the Elections Campaigns Fund. The funding reimbursed the candidate for the State General Election.

As reported in our previous Annual Report, a number of payments for this expenditure in respect of the 2015 State General Election were made in the 2015-16 financial year.

A total of **\$402,897** was paid to 12 candidates from the Election Campaigns Fund for State by-elections held in November 2016. See Appendix I on page 117.

Administration Fund

The purpose of the Administration Fund is to reimburse eligible political parties and independent elected members of parliament for administrative and operating expenditure incurred in a calendar year.

The annual amount payable to eligible parties and independent elected members is the amount of administrative expenditure incurred by the party or elected member during the calendar year up to a maximum amount. The maximum amount is adjusted for inflation each year.

In calendar year 2016, the maximum amounts were:

- \$261,300 if there is only one elected member endorsed by the party
- \$468,700 if there are only two elected members endorsed by the party
- \$624,900 if there are only three elected members endorsed by the party
- \$624,900 if there are more than three elected members endorsed by the party plus \$104,300 for each such member in excess of three up to a maximum of 22 members
- \$217,800 for independent elected members.

In calendar year 2017, the maximum amounts were:

- \$265,700 if there is only one elected member endorsed by the party
- \$476,500 if there are only two elected members endorsed by the party
- \$635,300 if there are only three elected members endorsed by the party
- \$635,300 if there are more than three elected members endorsed by the party plus \$106,100 for each such member in excess of three up to a maximum of 22 members
- \$221,500 for independent elected members.

From the Administration Fund, we paid a total of \$13,590,652 to eight political parties and two independent elected members for expenditure incurred in the 2016 and 2017 calendar years. See Appendix J on page 118.

Policy Development Fund

The purpose of the Policy Development Fund is to reimburse eligible political parties for policy development expenditure incurred in a calendar year. The annual amount payable to eligible parties is the amount of policy development expenditure incurred by the party during the calendar year up to a maximum amount. The maximum amount is adjusted for inflation each year.

The annual maximum amounts for 2016 are:

- either 60 cents for each first preference vote received by any candidate at the 2015 State election who was endorsed by the party, or \$11,800, whichever is the greater.

The annual maximum amounts for 2017 are:

- either 61 cents for each first preference vote received by any candidate at the 2015 State election who was endorsed by the party, or \$12,000, whichever is the greater.

A total of \$27,892 was paid from the Policy Development Fund to three political parties for expenditure incurred in the 2016 calendar year. See Appendix K on page 120.

Public Funding withheld in 2016-17

The NSWEC has the power under the *Election Funding, Expenditure and Disclosures Act 1981* to withhold funding from a political party, elected member or candidate if the party, elected member or candidate has any outstanding declarations of disclosure, or, in the case of parties, the party has failed to provide audited annual financial statements.

On 3 October 2016, the NSWEC did not pay a claim made by the Animal Justice Party for a quarterly advance payment from the Administration Fund. At that time, the party was ineligible for payment as it failed to lodge its audited annual financial statements for the 2015-16 disclosure period that were due on 22 September 2016. Public funding resumed once the audited annual financial statements were received on 27 November 2016.

As at 30 June 2017 a Policy Development Fund payment of \$11,800 was withheld from the Socialist Alliance as the party had failed to provide its audited annual financial statements for the 2015-16 disclosure period⁸.

8. The Socialist Alliance lodged its annual audited financial statements after the conclusion of the 2016-17 period and received payment of \$11,800 in policy development funding on 20 September 2017.

Regulating the electoral environment

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Compliance and enforcement

The NSWEC is responsible for regulating and enforcing the following legislation:

- *Election Funding, Expenditure and Disclosures Act 1981* – for election campaign finances at State and local government elections
- *Lobbying of Government Officials Act 2011* – for third-party lobbyists
- *Parliamentary Electorates and Elections Act 1912* – for state elections.

In the 2016-17 period, the NSWEC was not responsible for enforcing electoral offences under the *Local Government Act 1993* in relation to Local Government elections in NSW (except insofar as the Electoral Commissioner was responsible for the electoral roll and failure to vote by electors).

Compliance activities are dealt with in accordance with the NSWEC's Compliance and Enforcement Policy and associated procedures. The NSWEC undertakes compliance audits and investigations into suspected contraventions of the legislation, with the aim of collecting, collating and presenting such evidence in an admissible format, to ensure compliance and enforcement functions meet legal standards.

Compliance

Investigations and enforcement

Annual compliance audits and reviews

The NSWEC can undertake compliance audits of political parties, elected members, candidates and groups to assess their compliance with Part 6 of the *Election Funding, Expenditure and Disclosures Act 1981*, which deals with the management and disclosure of political donations and electoral expenditure.

Non-compliance identified through audits is dealt with in accordance with the NSWEC's compliance and enforcement policies. Compliance audits also enable the NSWEC to identify areas of general non-compliance and factor that knowledge into subsequent risk assessments and create targeted education and awareness campaigns to improve the level of understanding and compliance.

During 2016-17, the NSWEC completed 4,070 compliance audits (1,946 relating to the 2014-15 disclosure period and 2,124 relating to the 2015-16 disclosure period) with a further 51 commenced in relation to the 2015-16 disclosure period.

The audits performed identified a number of instances of non-compliance, the most frequent of which were:

- undisclosed donations received or made
- undisclosed electoral expenditure
- undisclosed loans received
- incorrect political donor details disclosed
- electoral expenditure not paid out of the campaign account
- unlawful donations (unenrolled donors, donations over the cap, donations from potential prohibited donors).

Compliance audits conducted during the year are detailed in Appendix L on page 120.

In the case of undisclosed or incorrectly disclosed donations and expenditure, official agents, party agents or donors generally agree to lodge an amended declaration to remedy an incomplete or inaccurate disclosure. The table below indicates the number of amended declarations received in the 2016-17 financial year:

Table 20 – Amendments received during the 2016-17 financial year

	2014/15 DISCLOSURE PERIOD	2015/16 DISCLOSURE PERIOD	TOTAL
Political Party	12	4	16
Group of State Candidates	2	-	2
State Candidate	31	-	31
Local Government Candidate	4	-	4
Elected Member – Member of Parliament	2	19	21
Elected Member – Local Government Councillor	9	22	31
Major Political Donor	38	16	54
Third-Party Campaigner	2	-	2
Total	100	61	161

Investigations

Election Funding, Expenditure and Disclosures Act 1981 (EFED Act)

Breaches of legislation

In 2016-17, we considered 2,561 matters of potential breaches of the legislation. This was more than twice the number of matters considered in the previous reporting year, reflecting in part the NSWEC's greater investigative capacity. The matters considered included potential breaches relating to the 2015 State General election.

These matters related to:

Table 21 – Compliance Issues 2016-17

COMPLIANCE ISSUES
Failure to appoint an official agent or party agent
Failure to comply with a statutory notice to produce documents
Failure to disclose political donations made or received, or loan received
Failure to lodge a declaration of political donations and electoral expenditure by the due date
Failure to provide supporting documentation for political donations and electoral expenditure
Failure to use campaign account for political donations and electoral expenditure
Failure to register prior to accepting political donations or incurring electoral expenditure
Unlawful acceptance of political donation or payment of electoral expenditure
Unlawful making and acceptance of indirect campaign contribution

The majority of enforcement actions undertaken related to section 96H (1) of the *Election Funding, Expenditure and Disclosures Act 1981* – “failure to lodge a declaration of disclosures within the required time”. (The rate of failure to disclose rises after an election, as a far larger number of individuals are required to disclose). Elected members of local councils attracted the greater proportion of enforcement action, including 88 per cent of penalty notices issued.

Table 22 – Enforcement action under the *Election Funding, Expenditure and Disclosures Act 1981*

STAKEHOLDER	NO FURTHER ACTION	WARNING	CAUTION	PENALTY NOTICE	TOTAL
Candidate	158	342	113	1	614
Group of candidates	6	45	5	-	56
Elected Member	342	264	123	28	757
Party	78	8	5	3	94
Donor	287	380	134	-	801
Donor – Entity	171	216	89	-	476
Third Party Campaigner	7	8	2	-	17
TOTAL	1,049	1,263	471	32	2,815

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Use of enforcement powers

Section 110A of the *Election Funding, Expenditure and Disclosures Act 1981* (EFED Act) provides the NSWEC with the power to issue a notice in writing to require the provision of documents and information, or attendance to answer questions. This power is exercised by NSWEC Inspectors.

In 2016-17, NSWEC inspectors exercised these powers issuing 74 section 110A notices as follows:

Table 23 – Use of enforcement powers

NOTICE TYPE	PURPOSE	TOTAL
s. 110A(1)(a)	To provide information required for the purposes of enforcing the EFED Act.	23
s.110A(1)(b)	To produce any document reasonably required for the purposes of enforcing the EFED Act.	39
s. 110A(1)(c)	To answer questions about any matters for which information is reasonably required for the purposes of enforcing the EFED Act.	7
s. 110A(1)(d)	To attend an interview to answer questions.	5
TOTAL		74

Recovery of unlawful political donations

The NSW Electoral Commission has the authority to recover the value of unlawful political donations made or accepted and pay these amounts to the State under the *Election Funding, Expenditure and Disclosures Act 1981*.

During the reporting period, the NSWEC conducted 65 Reviews of matters under the *Election Funding, Expenditure and Disclosures Act 1981* relating to unlawful political donations. Seven resulted in the recovery of unlawful donations and 16 matters were progressed to investigation to determine whether criminal enforcement was available.

Table 24 – Investigations under the *Election Funding, Expenditure and Disclosures Act 1981*

INVESTIGATION ACTIVITY	TOTAL	RESULTED IN NO FURTHER ACTION	RESULTED IN RECOVERY ACTION	RESULTED IN ISSUANCE OF CAUTION OR WARNING	PROGRESSED TO INVESTIGATION	CARRIED ON TO 2017-18
Review conducted	65	45	1	2	16	1
Investigations conducted	16	4	6	1		5

Unlawful donations recovered from the donation recipients totalled \$705,270 as follows:

Table 25 – Funds recovered from donation recipients

RECOVERED FROM	AMOUNT RECOVERED	REASON FOR RECOVERY
Independent State Candidate	\$15,277 (from prior year investigation)	Donations over the applicable cap and unlawful indirect campaign contributions
Liberal Party	\$586,992 (from prior year investigation)	Donations by prohibited donors, donations over the applicable cap and indirect campaign contributions
Liberal Party candidate	\$10,000	Donation from a prohibited donor
Liberal Party candidate and his campaign manager	\$70,000 (from prior year investigation)	Indirect campaign contributions, donations from prohibited donors and donations over the applicable cap
Independent State Candidate	\$2,846	Unlawful indirect campaign contribution
The Greens	\$2,500	Donor is not on the roll of electors
Labor Party	\$2,000	Donor is not on the roll of electors
Liberal Party	\$1,000	Donor is not on the roll of electors
Liberal Party	\$6,475	Donations over the applicable cap
Labor Party	\$2,200	Donor is not on the roll of electors
Liberal Party	\$5,980	Donations over the applicable cap

As part of a strategy by the NSWEC to provide more transparent information, we published new reports on public funding payments made to parties, candidates and members of parliament. These can be found on the NSWEC's website, under 'Statistics and Reports'.

Parliamentary Electorates and Elections Act 1912 (PEE Act)

In 2016-17, the NSWEC considered 10 allegations of non-compliance under the *Parliamentary Electorates and Elections Act 1912*:

Table 26 – Compliance activity under the *Parliamentary Electorates and Elections Act 1912*

Reviews conducted	10
Reviews completed	10
Investigations conducted	3
Investigations completed	1
Prosecutions initiated	0

Matters considered by the NSWEC in relation to potential non-compliance under the *Parliamentary Electorates and Elections Act 1912* related to the use of enrolment information, electoral material for State by-elections and multiple voting.

Lobbyists

The Lobbying of Government Officials (Lobbyists Code of Conduct) Regulation 2014 prescribes the NSW Lobbyists Code of Conduct as the code of conduct for all third-party and other lobbyists. The Code imposes a set of ethical obligations on all individuals and organisations seeking to influence government policy and decision-making in NSW, and imposes additional responsibilities on professional lobbyists in the business of representing the interests of another person or body.

The NSWEC is responsible for administering, monitoring and enforcing compliance with this statutory regime. This entails investigating alleged breaches of the Act, the Regulation and the Code. The NSWEC is able to impose sanctions on lobbyists for non-compliance with their obligations. Sanctions include de-registration (which would prohibit a third-party lobbyist from communicating with government officials in NSW), suspension from the Register; or being placed on the Lobbyists Watch List.

During the reporting period, two matters of potential breaches of the legislation were considered. The matters considered related to contraventions of the Lobbyists Code. A summary of activities is as follows:

Table 27 – Matters considered in relation to contraventions of the Lobbyists Code

Matters commenced	1
Matters completed	2

In both cases the matters finalised in the reporting period resulted in no further action.

Litigation

Prosecutions commenced

ACT	MATTER	NO. OF MATTERS IN 2015/16	NO. OF MATTERS IN 2016/17
EFED Act	Failure to lodge a declaration of disclosure of political donations and electoral expenditure	11	7
PEE Act	Use of roll not for a permitted purpose	2	0
PEE Act	Response to severity (sentence) appeal relating to failure to vote	0	1
PEE Act	Response to annulment (sentence) application relating to failure to vote	0	1

In 2016-17 we initiated 11 prosecutions (for a total of 16 charges) under the *Election Funding, Expenditure and Disclosures Act 1981* for failure to lodge a declaration of disclosure of political donations and electoral expenditure. 15 prosecutions resulted in convictions or the offence being proven and one matter was yet to be heard by the Local Court as at 30 June 2017. Two people pleaded guilty in the NSW Local Court but appealed the severity of the sentence and had their penalties reduced by the District Court of New South Wales.

Two matters begun in 2015-16 were finalised in 2016-17. One resulted in a successful severity appeal in the District Court where the penalty imposed was reduced, but costs awarded to the prosecution were not challenged. In the other matter a sentence for a guilty plea was imposed.

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One matter has continued over a number of years. The prosecution was initiated in 2014-15. After the defendant was unsuccessful at hearing in the local court and unsuccessful at appeal in the District Court, two questions of law were referred to the Court of Criminal Appeal by way of a stated case. The Commission's interpretation of the legislation was confirmed by the Court of Criminal Appeal and the appellant sought leave to appeal to the High Court⁹.

For the first time in 2015-16, a prosecution was brought under the *Parliamentary Electorates and Elections Act 1912* for the offence of distributing election material not containing authorisation and printer details. This related to material distributed during the 2015 State General Election. This matter is regarded as an important step in the NSW Electoral Commission being seen – since taking responsibility for enforcement in late 2014 – as a regulator who will take action against those who do not comply with the law. The prosecution was not successful. The Magistrate found that he could not be satisfied beyond a reasonable doubt that the main witness had correctly identified the accused as being the person who was distributing the unauthorised material.

Proceedings were also commenced in 2015-16 against one person for contravention of sections 43(2) and 42(1) of the *Parliamentary Electorates and Elections Act 1912*, in relation to use of and disclosure of protected enrolment information. The prosecution was finalised in 2016-17 with the defendant found guilty, in relation to the section 42(1) charge. The section 43(2) charge was dismissed.

The NSWEC enforces compulsory voting under the *Parliamentary Electorates and Elections Act 1912* and the *Local Government Act 1993*. Electors who fail to provide a sufficient reason for their failure to vote in an election are issued with penalty notices of \$55. Recipients can either pay the fine or elect to have their matters dealt with in the Court.

In 2016-17, 39 non-voters in the 2015 State General Election, eight non-voters in the 2014 Blue Mountains City Council by-election, and four non-voters each in the 2014 Newcastle City Council mayoral by-election and the 2015 Ryde City Council by-election were prosecuted for failure to vote offences.

In 2016-17, no prosecutions were commenced by the NSWEC for failure to vote, although two matters from 2015-16 were completed. One convicted non-voter appealed the severity of the sentence imposed to the District Court. The appeal was allowed and the sentence reduced. Another made an application for annulment of a conviction to the Local Court and a new hearing was ordered. The Court found the person guilty at the conclusion of that hearing.

9. That application was dismissed by the High Court on 17 August 2017.

Continuing (annual) Registration for Registered Political Parties

The *Parliamentary Electorates and Elections Act 1912* and the *Local Government Act 1993* require all Registered Political Parties (RPPs) to provide the Electoral Commissioner with an annual return demonstrating continued eligibility for registration by 30 June each year. Failure to lodge a completed return by this date can result in cancellation of a party's registration. The potential consequence is for a party to lose the entitlements of registration, which include access to the electoral roll (for election purposes) and the right to nominate and endorse candidates.

During 2016-17 we contacted the Registered Officers of all RPPs advising them of requirements to be fulfilled to enable their party to maintain registration for the forthcoming year.

Due to maintenance to the Political Party Registration System (PPRS), the online portal was not used for the continuing (annual) registration process for the period ending 30 June 2017. Instead, registered officers were asked to provide copies of required documentation in hard or soft copy and the NSWEC undertook consequent data entry of member details.

In March, we sent a continuing registration pack to each registered officer with a letter advising them of the change in process. In the pack was a copy of that party's membership list and an explanation that, if the list showed less than 750 members (State Registered Parties) or 100 members (Local Government Registered Parties) with a status of 'ok', the registered officer would need to add or edit member details based on the accompanying instructions to avoid being found ineligible for annual registration.

The registered officer was advised to lodge the party's return by 2 June 2017 to allow sufficient time to remedy the annual return in the event of any deficiency or error. Reminders were subsequently sent to each registered officer in April, May and June.

The change in process did not result in any significant change to compliance rates, with all but three parties lodging valid returns by the due date. Two parties sought deregistration.

Key legislative reforms

Amendments of Lobbying of Government Officials legislation

The Commission was consulted during the statutory review of the *Lobbying of Government Officials Act 2011* (LOGO Act).

A new Electoral Bill

The Commission continued to work with the Department of Premier and Cabinet and the Parliamentary Counsel's Office on an Electoral Bill which would repeal and replace the *Parliamentary Electorates and Elections Act 1912* (NSW).



LOOKING AHEAD

Challenges and opportunities in 2016-17:

- development of an online registration and disclosure function
- implementation of the outcomes of the review of the EFED Act
- registration of parties for the State General Election 2019
- implementation of the new Investigation Matter Management System (IMMS).





4

Delivering our corporate functions

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Delivering our corporate functions



ACHIEVEMENTS

Highlights of 2016-17

- completed the organisational restructure
- comprehensively reviewed our risk management policy and registers
- implemented a new policy framework¹⁰
- implemented a new complaints management system and policy to make complaints handling more efficient and effective
- as part of our restructure, we established a new Corporate function comprising a new Communications function, Finance, Human Resources, Portfolio Management, Legal and Governance functions within the Division.

Developing a new structure for our operations

The NSWEC substantially completed its restructure in 2016-17, aligning our employment frameworks and practices with the *Government Sector Employment (GSE) Act 2013*.

The restructure has set us up to work in new ways and provided an opportunity to implement a staffing structure that supports attraction and retention, knowledge management and building staff capability, underpinned by the *GSE Act* and the *NSW Public Sector Capability Framework*.

In 2016-17, the NSWEC consolidated eight former branches into four divisions to deliver our services in a more efficient and effective manner:

- **Elections** – delivering professional, seamless election events and services on time, within budget and under the legislative framework, to meet stakeholder needs and expectations. The business units are: Elections Support, Elections Operations, Customer Service and Relationship Management and Election Innovation.
- **Funding, Disclosure and Compliance** – supporting stakeholders in meeting their statutory obligations. The business functions are: Regulatory Advice and Analysis, Client Services and Compliance.
- **Corporate** – delivering professional, fit for purpose corporate services and governance that meet stakeholder needs, statutory and legal requirements, as well as supporting the achievement of our corporate objectives. The business units are: Human Resources, Finance, Communications, Project Management Office, and Legal and Governance. Several of these are new or updated functions.
- **Information Services** – developing and implementing organisationally aligned ICT strategies and services which meet the needs and expectations of key stakeholders, as well as enabling the effective, efficient, and secure delivery. The business functions within Information Services are: Business Systems, Security, and Infrastructure. Some of these functions were previously carried out in separate areas and this new centralised function will support an integrated organisational approach to our information technology.

10. The purpose of the policy framework is to centralise all policy documents, develop a policy library and co-ordinate regular review and monitoring of all policy documents.

A new strategic plan for the future

Between March and June 2017, Executive Directors and Directors began developing a new strategic direction, taking into account changes in our operating environment including communications, technology, resources and legislative changes and resource challenges, and reviewing our stakeholder expectations.

The outcome was the new NSWEC Strategic Plan, which includes a clarified purpose, vision and outcome and which organises our work around three themes and goals and shared key performance indicators:



The Strategic Plan explains how we work together and with our stakeholders and sets out in detail the strategies and initiatives the NSWEC will put into action to deliver on these goals, including through agreed Key Performance Indicators shared by the whole organisation. This will define our organisational agenda through to 2020, create a framework for our planning process and enable teams and individual to set performance goals that are linked to organisational KPIs, giving all staff a line of sight between their work and the NSWEC's success.

Building our organisational culture

The NSWEC's working culture is one of our greatest strengths and we recognise that our values and behaviours are critical to delivering our goals.

In 2016, the NSWEC achieved an engagement score of 72 per cent in the NSW Public Service Commission People Matter Employee Survey. This result highlights the positive culture and high engagement of staff in our organisation. We have implemented an action plan highlighting areas for improvement identified in the survey, which includes a focus on setting clear objectives and establishing learning and career development programs for our staff.

As part of the development of the new Strategic Plan 2017-20, the new Human Resources and Communications Directors ran staff workshops with all divisions to discuss and define the organisational values and behaviours which best support our goals and Key Performance Indicators. The following were developed by staff and approved by the management team:

Our core values, which are the NSW Public Service Values of:

- integrity
- accountability
- service
- trust

Our behaviours:

- collaborative
- customer-centred
- solution-focused
- transparent
- responsive

Our new values and behaviours will be built into our communications and human resources frameworks, as well as informing the way we design new products and services.

Delivering our corporate functions continued

A new communications function

As part of the restructure, the NSWEC established a new communications function within the Corporate Division, centralising a range of activities and functions to deliver a more integrated, audience-centred approach to our communications and engagement. The Division's functions include media, marketing and advertising, social media, digital, graphic design, reporting, internal communications and stakeholder engagement.

Significant achievements for the period included:

- delivering major communications campaigns for the 2016 Local Government Elections and by-elections, including building more direct social media engagement
- delivering a redesigned www.votensw.info site in preparation for the 2017 Local Government election with improved linkages to the external campaign
- commencing a new customer-centred digital transformation strategy, aimed at delivering a significantly improved digital experience for the NSWEC's customers, stakeholders and audiences before the next State General Election.



A new legal and governance function

The NSWEC established a new Legal and Governance Unit within the Corporate Division in early 2017. The Governance team provides independent reporting to the Audit and Risk Committee and oversees a range of programs that contribute to our Corporate Governance Framework. In the period to 30 June 2017, the new Governance team:

- developed Corporate Risk Management, including risk maturity within the NSWEC
- reported on customer complaints
- administered the Policy Library
- created Records and Information Management Policies
- co-ordinated internal audits conducted by PwC.

Highlights include:

New centralised complaints handling: This year, in alignment with the NSW Ombudsman's Model Policy and the 12 Premier's Priorities to improve government services, the NSWEC implemented a new complaints handling system to capture complaints data and provide the NSWEC with insight into complaint trends.

Launched on 8 May 2017, the new system ensures complaints made by our stakeholders are handled efficiently and effectively.

The major sources of complaints in 2016-17 were related to enrolment and penalty notices issued for failure to vote, with the majority related to the September 2016 Local Government Elections.

A new Policy Library: In line with the NSWEC's Policy Framework, the team developed a new one-stop shop for the NSWEC's policies and procedures, making them easily available for the public and internal users. The new online library was prepared for launch in July 2017.

Building portfolio management maturity

The NSWEC established a Program Office in 2016 to improve program and project delivery efficiency, reliability and consistency and support delivery of the Local Government elections in September 2016 and planning for the second tranche of elections scheduled for September 2017. A new Director PMO was appointed in November 2016 to establish an Enterprise Portfolio Management Office, with a strategy focused on developing portfolio, project and change management as core competencies for the NSWEC.

This approach increased project delivery successes and business benefits throughout 2016-17. The NSWEC gained substantial maturity in portfolio management, enabling the management team to make informed decisions with better understanding of key risks that could impede the realisation of projected benefits. This work was included as a strategic initiative in the new Strategic Plan 2017-20 with the aim of continuing implementation and building portfolio management maturity through that period.

Managing corporate accountability

Accountability for elections conducted

The NSWEC has a Service Commitment Charter for the conduct of elections, evaluates stakeholder satisfaction through surveys and other feedback and reports on these to the Parliament, local council, or commercial organisation having the election (refer to Appendix M on page 120 for a list of reports published).

The Joint Standing Committee on Electoral Matters (JSCEM) of the NSW Parliament reviews the administration and conduct of state and local government elections, and related matters.

Risk management

Risk management is a fundamental component of the internal control framework that supports good governance. This helps provide assurance the NSWEC will be able to meet its objectives without exceeding its ability to accept or tolerate risk. These foundations deliver organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management for all election events and business processes.

Risk Register

The register creates a structured and transparent process for the NSWEC to manage its risk, including a central view of risks and management strategies. The NSW Electoral Commissioner and Directors review the risk registers monthly and update them with any changes.

The NSWEC has continued to manage the risks in its business operations and other projects. A Program Governance Board is established for major election events such as State and Local Government elections, to support the work of the Management Committee. This Board oversees projects and budgets for each major event.

In addition, specialist steering committees are established as needed. For example, the IT Steering Committee is a forum to discuss and identify information technology issues and future resource needs for the NSWEC.

Legal oversight

The NSWEC's work is defined by its legislative framework. In 2016-17, the Legal team provided advice on 230 legal matters, including interpretation of the NSWEC's governing legislation. In its internal compliance work, the NSWEC continually reviews all policies and procedures.

Portfolio Management Office

The NSWEC conducted a significantly higher than usual number of elections during 2016-17, which required strong portfolio-wide governance and responsive decision-making to ensure the successful delivery. Effective portfolio and project management has proven to be a key enabler to achieve NSWEC strategy and timely delivery of elections and supported:

- delivery of the 2016 Local Government Elections
- preparation for a second tranche of Local Government Elections in September 2017
- delivery of nine by-elections and six non-election projects.

Stakeholder engagement and collaboration

External Committees

The NSWEC is represented on a number of external committees that assist it in undertaking its role and which contribute to the larger electoral framework.

Electoral Council of Australia and New Zealand (ECANZ)

The ECANZ is a consultative council of all Electoral Commissions from Australia and New Zealand that reviews the management of electoral rolls for Commonwealth, State, Territory and Local Government elections and considers advances of electoral administration. The ECANZ met on three occasions in 2016-17:

- Adelaide, 15 November 2016
- Canberra, 28 March 2016
- Sydney, 31 May 2017.

Electoral Regulation Research Network

The Electoral Regulation Research Network (ERRN) was established in 2012 to foster exchange and discussion among academics, electoral commissions and other interested groups on research relating to electoral regulation. The Commissioner attended the following ERRN meetings:

- Melbourne, 6 October 2016
- Melbourne, 13 February 2017.

Delivering our corporate functions continued

NSW Electoral Commission Community Reference Groups

The NSWEC consults with three community reference groups to increase our understanding of barriers to voting and enrolment for marginalised electors and electors with additional needs. The reference groups generally meet annually and provide specific feedback and advice on information resources and community engagement activities. Due to the local government elections being split into two tranches, the NSWEC extended the existing action plans developed for the September 2016 election to the planning for the September 2017 election and will reconvene these groups as part of the forward planning for the 2019 State General Election.

The Reference Groups and their members are:

Aboriginal and Torres Strait Islander Reference Group

- Aboriginal Disability Network NSW
- Aboriginal Employment Strategy
- National Centre of Indigenous Excellence
- Indigenous Electoral Participation Program – Australian Electoral Commission (AEC)
- NSW Aboriginal Education Consultative Group
- National Indigenous Youth Parliament Representative
- NSW Aboriginal Land Council
- Family and Community Services Aboriginal Affairs NSW
- Anti-Discrimination Board of NSW
- Local Government NSW
- NSW Ombudsman.

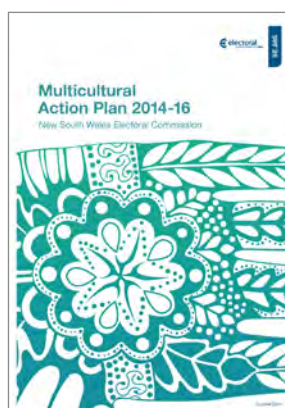
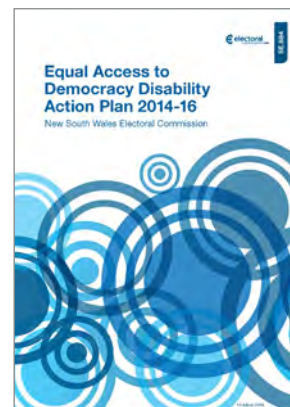
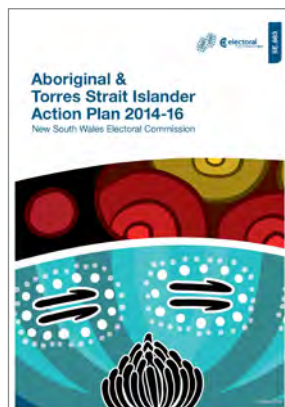
Culturally and Linguistically Diverse Reference Group

- Arab Council of Australia
- Australian Chinese Community Association of NSW
- Community Migrant Resource Centre
- Ethnic Community Council of NSW
- Greek Welfare Centre
- Local Community Services Association
- Multicultural Disability Advocacy Association of NSW
- Multicultural Youth affairs Network (MYAN)
- Settlement Council of Australia
- Sydney Multicultural Community Services
- TAFE Multicultural Engagement program
- Vietnamese Community in Australia (NSW chapter)
- National Ethnic Disability Alliance
- Diversity Services (NSW Department of Justice)
- Multicultural NSW.

Disability Reference Group

- Aboriginal Disability Network NSW
- Blind Citizens Australia
- Carers NSW
- Council of Social Services of NSW
- Deaf Society of NSW
- Deafness Forum Australia
- Mental Health Association NSW Inc.
- Mental Health Coordinating Council
- Multicultural Disability Advocacy Association of NSW
- National Ethnic Disability Alliance
- NSW Council for Intellectual Disability
- NSW Disability Discrimination Legal Centre
- People with Disability Australia Inc.
- Physical Disability Australia
- Physical Disability Council NSW
- Self Help for Hard of Hearing People
- Vision Australia
- Synapse NSW
- Local Government NSW.

NSWEC stakeholder action plans



Our people

Staffing

In 2016-17, our major people management challenge was working towards completion of our organisational restructure. Going forward, the focus will be on continuing to build on our positive culture and putting in place the necessary human resources strategies to build capability and leverage staff engagement.

The newly established Human Resources business unit is developing a new business plan that will focus on organisational effectiveness, culture, and strategic workforce planning. Significant achievements for 2016-17 include:

- finalising the organisational restructure, recruiting to fill new roles, and ensuring new starters are equipped with the necessary tools to perform their roles
- centralising training and developing a training strategy to build capability in our staff and leaders and retain and attract talent
- commencing the review of our performance development processes to ensure they are fit-for-purpose and aligned with best practice and the NSW Capability Framework.
- improving how we use data and evidence-based metrics to inform people management decision making
- championing the People Matter Employee Survey coordinated by the NSW Public Service Commission, to maintain our participation rate and ensure we implement action plans
- supporting preparation for the 2016/2017 Local Government Elections by providing specialist human resources, recruitment, and employment relations expertise.

Senior Executive Service Profile

The NSWEC's senior staffing profile has changed from the previous reporting period. The new profile reflects our intention to retain knowledge and capability at the end of every election cycle.

Table 28 – NSWEC senior staffing profile

NUMBER OF SENIOR EXECUTIVE ROLES	MALE	FEMALE
Public Office Holder (POH) (EC)	1	
Band 3 (equivalent)		
Band 2 (equivalent)	3	1
Band 1 (equivalent)	9	4

The NSWEC's ongoing staffing numbers (excluding contractors) are shown below.

Table 29 – NSWEC staff numbers (FTEs) 2016-17

LEVEL	NO. OF STAFF	FEMALE
Senior Executives (equivalent)	18	5
Ongoing Officers	48	26
Temporary Officers	44	26
Total	110	57

The cyclical nature of the NSWEC's business is reflected in the changes of categories of staff employed, as shown in the graph below, for the years 2012-13 through to 2016-17.

Graph 1 – Categories of staff by engagement type, 2011-12 to 2016-17

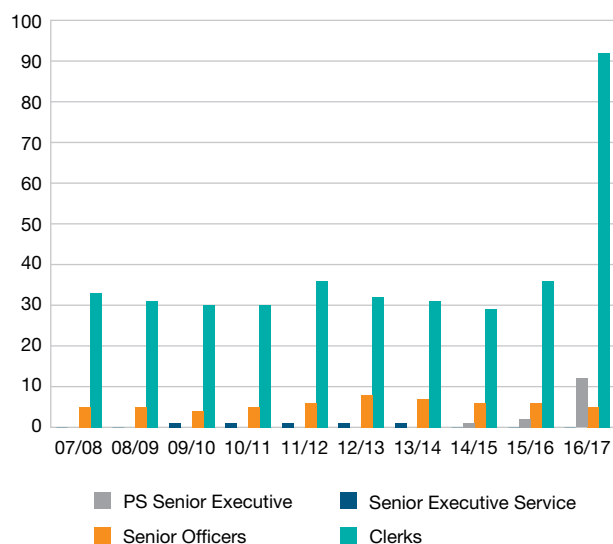


Table 30 – Numbers and remuneration of executive officers 2016-17

	RANGE \$	AVERAGE REMUNERATION 2017
Band 3 (equivalent)	320,901 – 452,250	\$398,585.48
Band 2 (equivalent)	255,051 – 320,900	\$268,695.75
Band 1 (equivalent)	178,850 – 255,050	\$198,072.99

In FY17, 31.32 per cent of the NSWEC's employee related expenditure was related to senior executives compared to 20.41 per cent the previous year.

Delivering our corporate functions continued

Learning and Development Statistics

There was a decrease in the average training days for ongoing officers compared to previous years, with 0.5 average days of training for 2016-17, compared to 3.7 in 2015-16. This decrease directly resulted from the increased staff headcount across the organisation following the restructure. In addition, there was an underutilisation of performance development processes and the identification of training and development needs. We are reviewing our performance development processes and learning programs as part of the human resources strategy.

The NSWEC supports staff training through financial support and study time and assistance.

Table 31 – Staff training 2016-17

TRAINING TYPE	NO. OF STAFF	NO. OF DAYS TRAINING OR EQUIVALENT
Internal course	17	40.5
External course	40	8
Other development programs (e.g. mentoring, coaching, facilitating lectures/training, networking,	5	113
Study Assistance Provisions: ICT – post graduate	1	1 semester

Throughout the reporting period, NSWEC ran a number of training programs, including:

- Public Interest Disclosure
- Staff Wellbeing and Wellness
- Manager Employee Assistance Support
- Improving Performance through Coaching.

At an executive level, two staff members attended the 'Executive Leadership Essentials' program run by the NSW Public Service Commission and three staff members attended the 'Women Leaders in the Public Sector' course run by the Public Service Network.

Work Health and Safety

The number of reported incidents decreased significantly compared to 32 reported incidents last year.

Table 32 – Work-related injuries and claims 2016-17

DETAIL	NO.
Work-related injuries	11
Claims	2

Workplace health and safety training is provided to new starters as part of their induction. The NSWEC also arranges workplace assessments and adjustments as required.

Sick Leave

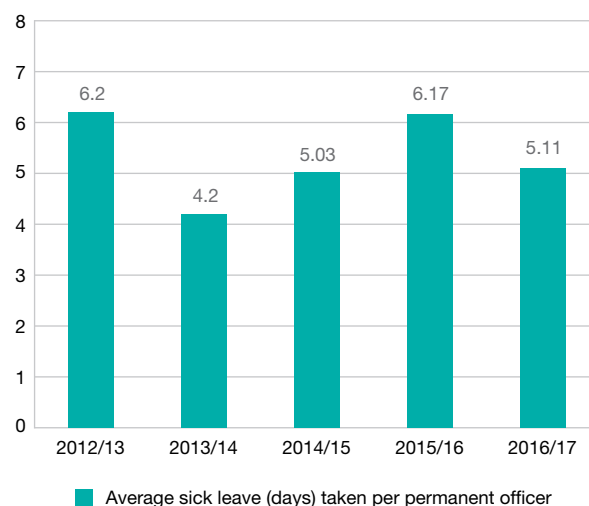
Use of sick leave tends to vary over time. The rate for the reporting period is lower compared to 2015-16.

INDICATORS	NO.
Absences (days)	447
Occasions	376

Table 33 – Sick leave taken, 2016-17

	2012-13	2013-14	2014-15	2015-16	2016-17
Average Sick Leave taken per ongoing officer (days)	6.2	4.2	5.03	6.17	5.11

Graph 2 – Average sick days per permanent officer



Staffing Changes

Over the past five years, recruitment activity has increased as a result of the organisational restructure and an increase in roles in the new structure. Separations have increased slightly from the last reporting period, which is attributed to mobility and career development opportunities external to the organisation.

Table 34 – Separations and movements – ongoing staff, 2011-17

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total commencements	18	7	12	14	24	26
Total continuing	46	49	49	54	57	69
Total separated	9	15	8	10	11	17
Separation rate (%)	12.3	21.1	11.6	12.8	12	15.6

Diversity in the workplace

Table 35 – Trends in the representation of EEO Groups, % of total staff, 2011 to 2017

EEO GROUP	TARGET %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %
Women ¹	50	50.94	54.68	58.92	55.74	51.47	55.55	52.63
Aboriginal and Torres Strait Islander people ²	2	0		–	2.7	–	0	0
People whose first language is not English ²	20	18.75		–	11.11	–	17.86	14.81
People who identified themselves as having a disability ²	12	6.25		–	10.81	–	7.14	0
People with a disability requiring work-related adjustment ²	7	6.253		–	7.214	–	0	0
People identifying as having come from a racial, ethnic or ethno-religious group ²		12.9			22.22		21.43	16.67

Notes: 1. Source: Annual Workforce Profile Report. 2. Source: Response to EEO survey distributed each June

Secondments

The NSWEC also supports staff mobility and opportunities for secondments. In 2016-17 a number of secondments were organised from other agencies to the NSWEC. There were no secondments from the NSWEC during the period.

Table 36 – Secondments organised, 2016-17

NO.	ORGANISATIONS AND TIMEFRAME
1	Department of Premier and Cabinet (12 months)
1	Parliament of NSW (12 months)
1	Service NSW (24 months)
1	Anti-Discrimination Board (6 months)

Consultation with Unions

The NSWEC consulted with the Public Service Association in relation to the organisational restructure. No industrial issues were reported in the period.

Delivering our corporate functions continued



The NSWEC will continue to:

- invest in change and project management to meet organisational challenges and business requirements
- design and implement an effective resource structure that is well integrated with the new NSWEC organisational structure
- build an integrated communications strategy based around the needs of its audiences, including significantly improving digital experience
- develop the complaints handling system's infrastructure and use the knowledge gained for improving services
- collaborate with other agencies on a Human Capital Management System
- review human resource policies
- respond to the findings of the Public Service Commission's People Matter Surveys, including:
 - giving staff clear goals and objectives, learning and career development opportunities
 - upgrading and customising our performance development processes and system to ensure alignment with our culture and needs of our staff
 - building a new learning function which will provide more opportunities for staff to attend training that is capability building and career enhancing
 - build the maturity of our Portfolio Management practice.

5

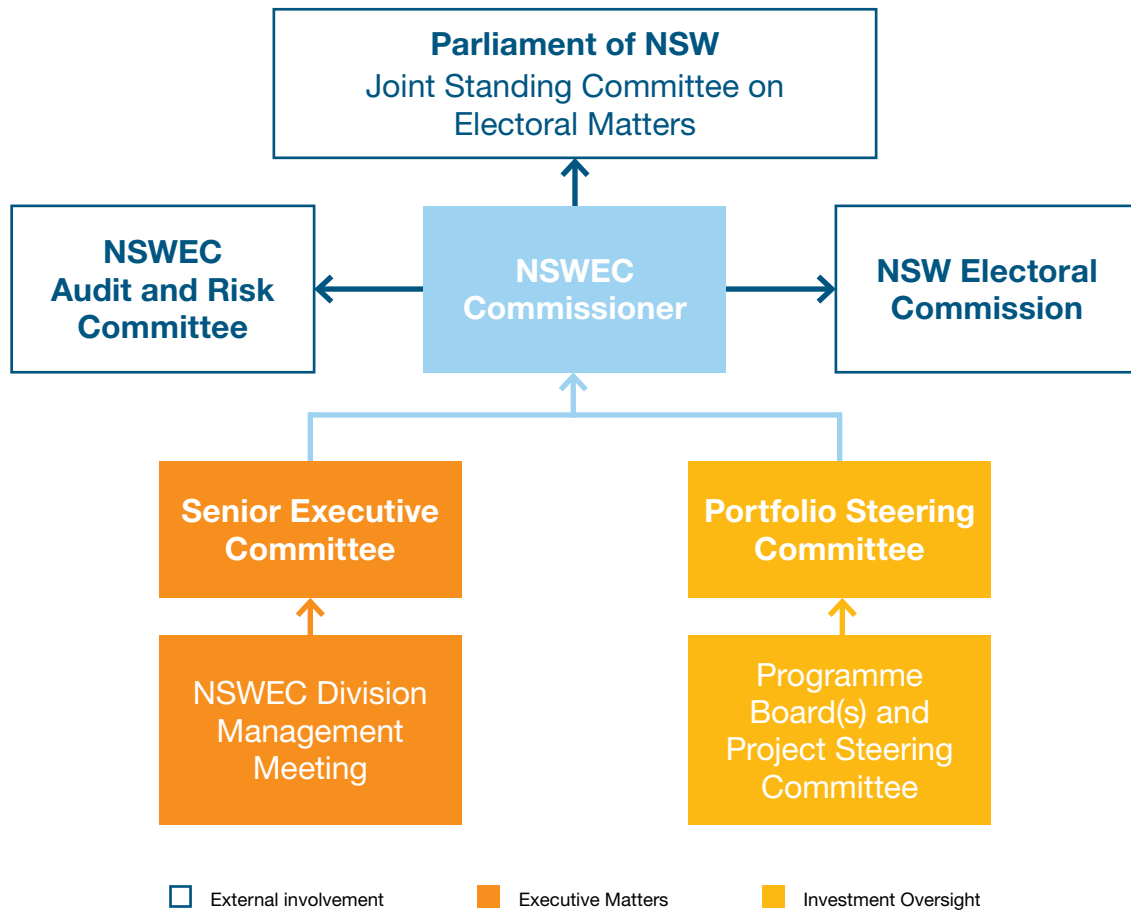
Corporate Governance

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Corporate Governance

Governance arrangements within the NSWEC

The Electoral Commissioner is assisted in the management of the NSWEC by a range of internal and independent committees. The major bodies are shown below.



Relationship to Parliament and Government

The NSWEC is required to report to Parliament on its work and activities, including through this Annual Report.

The Electoral Commission

The three member Electoral Commission meets at least six times per year. It functions in a similar way to a board, in that it issues agendas, takes minutes and makes decisions, including enforcing provisions of three Acts of the NSW Parliament. The Electoral Commissioner is one of the three members of the Commission.

In 2016-17, the Electoral Commission (including the Deputy to the Chairperson) met six times:

MEETING DATE	ATTENDEES
10 August 2016	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan
12 October 2016	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan
14 December 2016	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan
15 February 2017	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan
12 April 2017	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan
14 June 2017	John Schmidt, Keith Mason, Joe Campbell and Len Scanlan

Management Committee and internal committees

The Senior Executive Committee, formerly the Management Committee, acts as an advisory board to the Electoral Commissioner on strategic and operational matters within the NSWEC.

Members have individual and collective responsibility to implement the decisions of the Electoral Commissioner and the Committee, manage the operational requirements of such decisions, and identify avenues to further increase the effectiveness and efficiency of the NSWEC.

In the year ending 30 June 2017, the Senior Executive Committee met monthly. Meeting dates and attendances are outlined at Appendix N on page 121.

Audit and Risk Committee

The Audit and Risk Committee was established to assist the NSW Electoral Commissioner and NSWEC management fulfil their responsibilities for governance, financial reporting arrangements, internal control environment and risk management process. It offers objective advice and ensures we have the appropriate risk, control and governance processes in place.

The Committee has independent status within the NSWEC. It has complete access to internal and external auditors and senior management and the authority to consult independent experts considered necessary to carry out its duties, in line with the NSW Treasury's *Internal Audit and Risk Management Policy* for the NSW Public Sector (TPP 15-03). The Committee operates under a charter that is consistent with TPP15-03, which also guides the NSWEC in meeting its legislative obligations under Section 11 of the *Public Finance and Audit Act 1983*.

At its quarterly meetings, the Committee reviewed identified risks and the controls to manage these risks, including risks posed by the NSW Local Government Election 2016 and 2017 programs, and the corporate-based risks associated with the NSWEC staff agency.

During the 2016-17 financial year, the Committee met five times.

Committee members are Brian Suttor as Independent Chairperson, and John Gordon and Kathleen Haddock as independent members. Other attendees included the NSW Electoral Commissioner, the NSW Electoral Commissioner's Chief Audit Executive, and external and internal audit service providers (by invitation).

During the year ended 30 June 2017, invited attendees were:

- Linda Franklin, Acting Electoral Commissioner (to 7 August 2016)
- John Schmidt, NSW Electoral Commissioner (from 8 August 2016)
- Matt Phillips, Chief Audit Executive and Executive Director, Corporate, NSWEC
- Trevor Follett, Director, Finance and CFO, NSWEC
- Chris Clayton, Audit Office of New South Wales
- David Klein, Audit Office of New South Wales
- Aubrey Perez, Audit Office of New South Wales
- Mark Driessen, PricewaterhouseCoopers
- Gavin Moss, PricewaterhouseCoopers
- Alan Murray, PricewaterhouseCoopers
- Stuart Marshall, Governance Manager, NSWEC

Committee members are required to declare any conflict of interest and at the beginning of the each Committee meeting. Committee members also provided annual Conflict of Interest Declarations to the NSW Electoral Commissioner.

Internal Audit Program

Internal audit is a fundamental element of our corporate governance structure and processes within the NSWEC. The Internal Audit function is made up of the NSW Electoral Commissioner's Chief Audit Executive and the external provider of internal audit services, PricewaterhouseCoopers (PwC).

PwC was reappointed as internal audit service provider in a 'back-to-market' tender conducted in the 2016-17 financial year for five years until 31 December 2020.

Corporate Governance continued

The status of the internal audit engagements and associated findings raised from these engagements are described below.

Table 37 – Internal audit engagements approved for completion during the year ending 30 June 2017

INTERNAL AUDIT ENGAGEMENTS	STATUS (30 JUNE 2017)	NUMBER OF LOW RISK- RATED FINDINGS	NUMBER OF MEDIUM RISK- RATED FINDINGS	NUMBER OF HIGH RISK- RATED FINDINGS
Ballot Paper Management – Follow Up Review for the Local Government Election (2016) ^a	Complete	N/A	N/A	N/A
Political Party Registrations	Complete	3	0	0
Investigations Matter Management System ^b	Complete	N/A	N/A	N/A
Total		3	0	0

a The objective of this review was to assess the controls around securing and transporting ballot papers, focusing on the findings and recommendations from a previous Internal Audit Report titled Ballot Paper Management – Operating Effectiveness of Controls (Phase 2). The Report therefore examined whether or not the recommendations from the earlier review were implemented and as such no risk rating was applied to the findings.

b The objective of this review was to assess the control environment including whether the new system is designed to effectively manage the Funding, Disclosure and Compliance Division's risks in the Investigations Management process. To achieve these objectives, PwC conducted an end-to-end analysis of the investigations matter management process to identify key risks and controls. A key output of this review was a risk and control matrix defining the controls management has put in place to address key risks. The risk and control matrix was mapped to the functional specifications document of the new IMMS system. No risk rating was applied to the findings/recommendations.

In addition, the NSWEC commenced the following reviews in the 2016/17 financial year:

- Information Technology (IT) Risk Diagnostic
- Cybersecurity
- Privacy (IT)
- Data governance (IT).

The following areas of the NSWEC were identified to be reviewed in the coming year:

- IT Risk Diagnostic
- Employee and Contractor Lifecycle
- Records management Framework
- Project Governance (IT)
- Enrolment Functions
- Intelligence and Investigations Management.

Meeting our privacy and access obligations

Commitment to Privacy

The NSWEC holds a large amount of data, including personal and health information.

Staff of the NSWEC have privacy protection responsibilities in relation to our agency's unique functions, such as maintaining the NSW electoral roll, conducting state and local government elections, enforcing failure to vote offences, and regulating election campaign finance. We take these responsibilities very seriously, and in compliance with NSW privacy law, undertook privacy training for employees.

In 2016-17, the NSWEC had no privacy matters that required review under NSW privacy legislation.

Government Information (Public Access) Act 2009

Section 125 of the *Government Information (Public Access) Act 2009* (GIPA Act) requires an agency to prepare an annual report on the agency's obligations under the GIPA Act. The *Government Information (Public Access) Regulation 2009* (GIPA Regulation) sets out the information to be included in the annual report.

During the 2016-17 financial year, the NSWEC Staff Agency provided administrative services to the NSW Electoral Commission (a statutory corporation established under section 21A of the *Parliamentary Electorates and Elections Act 1912*).

The report below is prepared by the NSWEC Staff Agency as required under Section 125 of the GIPA Act and concerns access to government information pertaining to the NSW Electoral Commission.

Agency Name	New South Wales Electoral Commission Staff Agency for the NSW Electoral Commission
Principal Department (if applicable)	N/A
Reporting Period	2016-17

Obligations under the Government Information (Public Access) Act 2009

1. Review of proactive release program – Clause 7(a)

Our program for proactive release of information is detailed in our Government Information Public Access Policy and procedures document, available on the NSWEC website.

During the 2016/2017 financial year, the program was included as a standing agenda item for Senior Executive Committee meetings. Directors were invited to review the program and advise whether they identified any information in the public interest that should be released proactively.

Information proactively released during the reporting period includes:

Table 38 – Proactive information release under *Government Information (Public Access) Act 2009*

DETAILS	PUBLISHED	WEBSITE
Local Government Election Integrity Legislation	Jul-16	NSWEC
Submission #12 In Relation To The 'Inquiry Into Voter Enrolment' – 20 July 2006	Jul-16	NSWEC Parliament NSW
Liberal Party Of Australia (NSW Division) Eligible For Public Funding After Deduction Of Value Of Unlawful Donations Received In 2010/2011	Sep-16	NSWEC
Calculation Of NSW Electoral Commission Service Charge To Local Government	Oct-16	NSWEC
Canterbury State By-Election Report 2016	Dec-16	NSWEC
Orange State By-Election Report 2016	Dec-16	NSWEC
Wollongong State By-Election Report 2016	Dec-16	NSWEC
NSW Electoral Commission Concludes Investigation Into Donations Made To NSW Liberal Party Candidates In The Lead Up To The 2011 State Election	Jan-17	NSWEC
Statement Concerning Legal Professional Privilege	Mar-17	NSWEC
Report On The 2016 Local Government Elections	Mar-17	NSWEC
Supplementary Report On The 2016 Local Government Elections	Mar-17	NSWEC
State District Enrolments – March 2017	Mar-17	NSWEC
iVote Refresh Procurement Strategy	May-17	NSWEC
iVote Voting System Industry Engagement	Jun-17	NSWEC

2. Number of access applications received – Clause 7(b)

During the reporting period, we received a total of six formal applications for access to information not covered under the open access provisions of the *Government Information (Public Access) Act 2009*. This figure includes withdrawn applications but not invalid applications.

3. Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, the NSWEC:

- refused one access application because the information requested was information referred to in section 14 of the *GIPA Act*
- refused one access application because the information requested was information referred to in section 59 of the *Government Information (Public Access) Act 2009*
- refused two access applications in part because the information requested was information referred to in Schedule 2 to the *Government Information (Public Access) Act* and therefore subject to a conclusive presumption that there is an overriding public interest against its disclosure.

Other governance matters

Public Interest Disclosures

No disclosures under the *Public Interest Disclosures Act 1994* were received.

Corruption Prevention

The ICAC did not refer any matters to our office.

Attestations

Attestation of Digital Information Security

Risks to the digital information and digital information system of the NSWEC have been assessed with an independent Information Security Management System (ISMS) developed in accordance with the NSW Government Digital Information Security Policy. The attestation of compliance is shown overleaf.



Digital Information Security Annual Attestation Statement for the 2016-2017 Financial Year for NSW Electoral Commission

I, John Schmidt am of the opinion that NSW Electoral Commission had an Information Management System in place during the 2016-2017 financial year that is consistent with the Core Requirements set out in the NSW Government Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of NSW Electoral Commission are partially operational. The NSW Electoral Commission has a programme in place to make them fully operational during the coming financial year.

Risks to the digital information and digital information system of NSW Electoral Commission have been assessed with an independent ISMS developed in accordance with the NSW Government Digital Information Security Policy.

A handwritten signature in black ink, appearing to read 'John Schmidt', written over a horizontal line.

John Schmidt

Electoral Commissioner

Date: 9 September 2017

Attestation *Internal Audit and Risk Management Policy*

Every year, the NSW Electoral Commissioner is required to attest compliance with NSW Treasury TPP 15-03 *Internal Audit and Risk Management Policy* for the NSW Public Sector. The NSW Electoral Commissioner's Annual Attestation statement is shown below.

Internal Audit and Risk Management Attestation Statement for the 2016 – 2017 Financial Year for New South Wales Electoral Commission

I, John Schmidt am of the opinion that the NSW Electoral Commission (NSWEC) has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements

For each requirement please specify whether compliant, non-compliant, or in transition ⁵⁰

Core Requirements	For each requirement please specify whether compliant, non-compliant, or in transition ⁵⁰
Risk Management Framework	
1.1 The Electoral Commissioner is ultimately responsible and accountable for risk management in the NSWEC.	Compliant
1.2 A risk management framework that is appropriate to the NSWEC has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The NSWEC has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the Electoral Commissioner on the NSWEC's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

⁵⁰ Where an agency notes that it has been 'non-compliant' or 'in-transition', the agency head must complete the 'Departure from Core Requirements' section below.

Attestations continued

Membership

The chair and members of the Audit and Risk Committee are:⁵¹

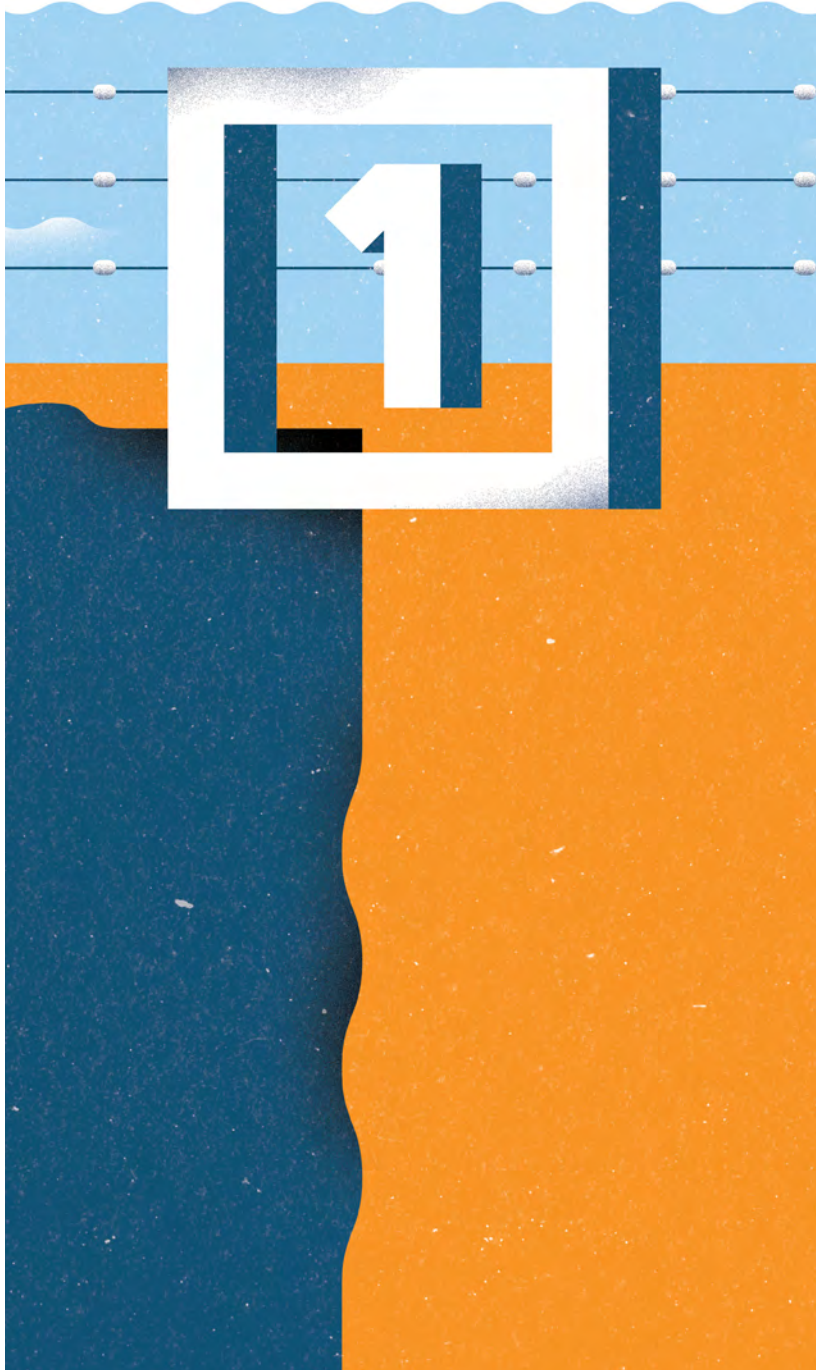
- Independent Chair, Brian Sutor, reappointed on 2 December 2013 for four years with the term ending 1 December 2017.
- Independent Member, Kathleen Haddock, reappointed on 14 May 2014 for four years with the term ending 13 May 2018.
- Independent Member, John Gordon, reappointed on 13 October 2014 for four years with the term ending 13 October 2018.



John Schmidt
Electoral Commissioner
New South Wales Electoral Commission
23 August 2017

Agency Contact Officer
Matt Phillips
Chief Audit Executive
Ph: 02 9290 5453

⁵¹ For those agencies with an Audit and Risk Committee that includes non-independent members at the time of commencement of this Policy and Guidelines Paper, agencies will be required to disclose non-independent members on their attestations. As per the Policy and Guidelines, agencies will have a transition period of two years from the commencement of the policy for the Committee to be reconstituted with independent members only.



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Financial summary and performance

5-YEAR TREND ANALYSIS

\$'000'S	2012-13	2013-14	2014-15 ⁽¹⁾	2015-16	2016-17
REVENUE					
Government Contributions	25,717	32,318	97,990	57,520	56,118
Sale of Goods and Services	3,381	717	1,231	1,086	2,635
Investment Revenue	224	176	147	-	-
Other Revenue	18,616	-	-	3,665	12,853
Total Revenue	47,938	33,211	99,368	62,271	71,606
EXPENDITURE					
Employee Related	8,102	8,432	29,087 ⁽²⁾	11,685	22,302
Other Operating Expenditure	9,863	10,536	45,537	16,236	27,252
Depreciation and Amortisation	5,245	4,725	6,054	4,296	4,578
Other Expenditure	25,096	10,482	19,880	27,274	20,538
Total Expenditure	48,306	34,175	100,558	59,491	74,670
ASSETS					
Cash, Receivables and Inventories	7,837	6,339	7,972	9,701	9,741
Plant and Equipment	1,209	2,143	2,363	1,946	1,376
Intangible Assets	13,787	13,764	11,986	11,941	10,682
Total Assets	22,833	22,246	22,321	23,588	21,799
Total Liabilities	3,820	4,200	5,473	3,971	5,246
Total Equity	19,013	18,046	16,848	19,617	16,553
Administered Revenues³⁾	11,660	573	19,585	19	23,959
PAYMENT OF ACCOUNTS					
Paid under 30 days	99.4%	99.6%	99.8%	99.5%	99.9%

Notes: (1) 2014/15 includes seven months consolidated activity of the former Election Funding Authority of NSW.

(2) 2014/15 'Employee Related' includes Election Official Wages previously described under 'Other Expenditure'

(3) 'Administered Revenues' are related to fines for failure to vote collected on behalf of the NSW Government.

Financial position

Payment of accounts

Table 39 – Payment of accounts for the 2016-17 year

QUARTER	CURRENT (\$)	LESS THAN 30 DAYS (\$)	BETWEEN 30 AND 60 DAYS (\$)	BETWEEN 60 AND 90 DAYS (\$)	MORE THAN 90 DAYS (\$)	TARGET	ACTUAL	TOTAL (\$)
September	17,222,611	0	1,522	42,993	0	100%	99.74%	17,266,126
December	13,278,260	0	2,066	0	0	100%	99.99%	13,280,326
March	13,295,468	0	877	968	0	100%	99.99%	13,297,313
June	22,897,315	0	6,721	0	0	100%	99.97%	22,904,036
Total	66,694,878	0	9,571	43,351	0	100%	99.92%	66,747,801

Time for payment of accounts

Our performance in payments continues to be high with an average of 99.92 per cent of all accounts being paid on time. There were no instances where interest was paid due to late payments.

Major works

We engaged in one major works project during the year ending 30 June 2017:

- Roll Management System \$1.10 million

Major assets

We have \$21.8 million in assets of which \$12.1 million are plant, equipment and intangible assets.

Consultants

During the year, we engaged seven consultants at a total cost of \$164,000. The consultancy work was categorised as management services.

Credit card certification

We have entered into an arrangement with Westpac Banking Corporation for the provision of credit cards. The use of the credit card is governed by our 'Credit Card Policy' which employees acknowledge upon application for a credit card. The NSW Electoral Commissioner certifies that the usage of credit cards within the reporting period has been in accordance with Premier's Memoranda and the Treasurer's Directions.

Statement by the Electoral Commissioner



Statement by the Electoral Commissioner

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I, to the best of my knowledge and belief state that:

(a) The accompanying financial statements of the New South Wales Electoral Commission have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations); the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and Financial Reporting Directions mandated by the Treasurer

(b) The statements exhibit a true and fair view of the financial position as at 30 June 2017 of the New South Wales Electoral Commission and financial performance for the year then ended; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or in accurate.

A handwritten signature in black ink, appearing to read 'John Schmidt', written over a horizontal line.

John Schmidt
Electoral Commissioner
1 September 2017

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

New South Wales Electoral Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the New South Wales Electoral Commission (the Commission), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2017, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have also fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report

Electoral Commissioner's Responsibility for the Financial Statements

The Electoral Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Electoral Commissioner determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Electoral Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern except where operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford
Auditor-General of NSW

5 September 2017
SYDNEY

START OF AUDITED FINANCIAL STATEMENTS

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED			PARENT	
		ACTUAL 2017 \$'000	BUDGET 2017 \$'000	ACTUAL 2016 \$'000	ACTUAL 2017 \$'000	ACTUAL 2016 \$'000
EXPENSES EXCLUDING LOSSES						
Operating expenses						
Employee related	2(a)	22,302	16,184	11,685	652	559
Personnel services	2(b)	–	–	–	21,287	10,813
Other operating expenses	2(c)	27,252	8,060	16,236	27,252	16,236
Depreciation and amortisation	2(d)	4,578	5,694	4,296	4,578	4,296
Other expenses	2(e)	20,538	65,336	27,274	20,538	27,274
Total Expenses excluding losses		74,670	95,274	59,491	74,307	59,178
REVENUE						
Appropriations	3(a)	68,421	91,174	57,207	68,421	57,207
(Transfers to the Crown Entity)		(12,666)	(26,000)	–	(12,666)	–
Sale of goods and services	3(b)	2,635	2,826	1,086	2,635	1,086
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	363	476	313	–	–
Other revenue	3(d)	12,853	26,151	3,665	12,853	3,665
Total Revenue		71,606	94,627	62,271	71,243	61,958
Loss on disposal	4	–	–	11	–	11
Net Result	19	(3,064)	(647)	2,769	(3,064)	2,769
Other comprehensive income		–	–	–	–	–
Total other comprehensive income		–	–	–	–	–
TOTAL COMPREHENSIVE INCOME		(3,064)	(647)	2,769	(3,064)	2,769

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	ACCUMULATED FUNDS	
		CONSOLIDATED \$'000	PARENT \$'000
Balance at 1 July 2016		19,617	19,617
Net result for the year		(3,064)	(3,064)
Total other comprehensive income		–	–
Total comprehensive income for the year		(3,064)	(3,064)
Balance at 30 June 2017		16,553	16,553
Balance at 1 July 2015		16,848	16,848
Net result for the year		2,769	2,769
Total other comprehensive income		–	–
Total comprehensive income for the year		2,769	2,769
Balance at 30 June 2016		19,617	19,617

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2017

	NOTES	CONSOLIDATED			PARENT	
		ACTUAL 2017 \$'000	BUDGET 2017 \$'000	ACTUAL 2016 \$'000	ACTUAL 2017 \$'000	ACTUAL 2016 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	2,164	1,938	3,816	2,164	3,816
Receivables	7	7,441	3,446	5,785	7,441	5,785
Inventories	8	136	134	100	136	100
Total Current Assets		9,741	5,518	9,701	9,741	9,701
Non-Current Assets						
Plant and equipment	9	1,376	1,964	1,946	1,376	1,946
Intangible assets	10	10,682	9,492	11,941	10,682	11,941
Total Non-Current Assets		12,058	11,456	13,887	12,058	13,887
Total Assets		21,799	16,974	23,588	21,799	23,588
LIABILITIES						
Current Liabilities						
Payables	13	2,927	2,599	1,920	2,927	1,920
Provisions	14	1,597	1,485	1,428	1,597	1,428
Other	15	–	31	63	–	63
Total Current Liabilities		4,524	4,115	3,411	4,524	3,411
Non-Current Liabilities						
Provisions	14	722	535	560	722	560
Total Non-Current Liabilities		722	535	560	722	560
Total Liabilities		5,246	4,650	3,971	5,246	3,971
Net Assets		16,553	12,324	19,617	16,553	19,617
EQUITY						
Accumulated funds		16,553	12,324	19,617	16,553	19,617
Total Equity		16,553	12,324	19,617	16,553	19,617

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED			PARENT	
		ACTUAL 2017 \$'000	BUDGET 2017 \$'000	ACTUAL 2016 \$'000	ACTUAL 2017 \$'000	ACTUAL 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(21,798)	(15,708)	(11,732)	-	-
Personnel services		-	-	-	(21,798)	(11,732)
Other		(51,817)	(79,164)	(47,625)	(51,817)	(47,625)
Total Payments		(73,615)	(94,872)	(59,357)	(73,615)	(59,357)
RECEIPTS						
Appropriation (excluding equity appropriations)		68,421	91,174	56,676	68,421	56,676
Sale of goods and services		16,205	3,305	1,079	16,205	1,079
Interest received		-	-	76	-	76
Cash transfers to the Crown Entity		(12,666)	(26,000)	-	(12,666)	-
Other		2,750	31,151	2,502	2,750	2,502
Total Receipts		74,710	99,630	60,333	74,710	60,333
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	1,095	4,758	976	1,095	976
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of land and buildings, plant and equipment and infrastructure systems		(609)	(100)	(3,845)	(2,747)	(3,845)
Other		(2,138)	(5,731)	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,747)	(5,831)	(3,845)	(2,747)	(3,845)
CASH FLOWS FROM FINANCING ACTIVITIES						
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,652)	(1,073)	(2,869)	(1,652)	(2,869)
Opening cash and cash equivalents		3,816	3,011	6,685	3,816	6,685
CLOSING CASH AND CASH EQUIVALENTS	6	2,164	1,938	3,816	2,164	3,816

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies

a) Reporting entity

The New South Wales Electoral Commission (NSWEC) is an independent statutory authority established under the *Parliamentary Electorates and Elections Act 1912 No 41*. We conduct state elections, local council elections, NSW Aboriginal Land Councils and certain statutory elections.

The Commission is responsible for public funding to eligible registered political parties, candidates and independent members of Parliament.

The NSWEC is a NSW Government entity. The NSWEC is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The NSWEC, as a reporting entity, comprises all the entities under its control, namely the parent entity and the New South Wales Electoral Commission Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Electoral Commissioner on 1 September 2017.

b) Basis of preparation

The NSWEC's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions mandated by the Treasurer.

Plant and equipment is measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d) Administered activities

The NSWEC administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the NSWEC's own objectives.

Transactions and balances relating to the administered activities are not recognised as the NSWEC's revenue, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Income" and "Administered Expenses".

The accrual basis of accounting and applicable accounting standards have been adopted.

Responsibility for administered receivables are transferred to the Office of State Revenue for debt collection after 12 months.

e) Insurance

The NSWEC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience.

f) Accounting for the Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the NSWEC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

g) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

i) Parliamentary appropriations and contributions

Except as specified below, Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the NSWEC obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Appropriations are not recognised as revenue when the appropriations are unspent at year end. Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 15 as part of "Current Liabilities – Other". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 20 "Administered assets and liabilities".

ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the NSWEC transfers the significant risks and rewards of ownership of the assets.

iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

h) Assets

i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the NSWEC. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

ii) Capitalisation thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

iii) Revaluation of plant and equipment

Consistent with the "Valuation of Physical Non-Current assets at Fair Value" Policy and Guidelines Paper (TPP 14-01) NSWEC measures its physical non-current assets at fair value. This policy adopts fair value in accordance with *AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant and Equipment*.

Fair value of plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 9 and Note 11 for further information regarding fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

iv) Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

v) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSWEC.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

ASSET TYPE	USEFUL LIFE	
	2017	2016
Computer Hardware	4 Years	4 Years
Plant and Equipment	7 Years	7 Years
Furniture and Fixtures	8 Years	8 Years
Leasehold Improvements	7 Years*	7 Years*

* Or to the end of the lease, if shorter.

vi) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

vii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

viii) Leased assets

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term. A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

No assets have been acquired under finance lease arrangements.

ix) Intangible assets

The NSWEC recognises intangible assets only if it is probable that future economic benefits will flow to the NSWEC and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Currently, the NSWEC's intangible assets solely comprise software.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the NSWEC's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The NSWEC's intangible assets are amortised using the straight-line method over a period of between four years and eight years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

x) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

xi) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available – for – sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

i) Liabilities

i) Payables

These amounts represent liabilities for goods and services provided to the NSWEC and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

ii) Personnel services provision and employee benefits provision

The New South Wales Electoral Commission Staff Agency provides employees to the NSWEC entity to enable it to carry out its functions. Personnel services provision relates to employee related provisions for those employees employed by the New South Wales Electoral Commission Staff Agency.

Employee benefits provision relates to employees directly employed by the NSWEC.

Employee related provisions include:

a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although shortcut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal annual leave approach plus the annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The NSWEC has assessed the actuarial advice based on the NSWEC's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

b) Long service leave and superannuation

The NSWEC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The NSWEC accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax.

iii) Other provisions

Other provisions exist when: the NSWEC has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted at 2.12% which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

j) Fair value hierarchy

A number of the NSWEC's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the NSWEC categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The NSWEC recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 11 and Note 23 for further disclosures regarding fair value measurements of financial and non-financial assets.

k) Equity and reserves

a) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

l) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments

to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 18.

m) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Where appropriate, comparative figures have been reclassified to conform to the basis of presentation and classification used in the current year.

n) Changes in accounting policy, including new or revised Australian Accounting Standards

i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year. The NSWEC has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for current reporting year. The adoption of these new Standards and Interpretations did not have any impact on the financial performance or position of the NSWEC. AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

A number of new Accounting Standards have not been applied and are not yet effective. The possible impact of these Standards in the period of initial application is unlikely to be material except the possible impact of:

- AASB 16 Leases;
- AASB 9 Financial Instruments; and
- AASB 1058 Income for Not-for-profit Entities.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

2. Expenses Excluding Losses

a) Employee related expenses

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Salaries and wages (including annual leave)	18,813	9,578	543	522
Superannuation				
defined benefit Plan	42	49	-	-
defined contribution Plan	1,436	808	49	45
Long service leave	341	202	25	(32)
Workers' compensation insurance	105	18	3	1
Payroll tax and fringe benefits tax	1,082	555	32	23
Redundancy	483	475	-	-
	22,302	11,685	652	559

\$276,794 of employee related expenses were attributable to the development of new software and was capitalised and excluded from employee related expenses during the year ended 30 June 2017 (2016: \$176,766).

The Key Management Personnel are defined as, the Electoral Commissioner, Electoral Commission members and Executive Directors.

b) Personnel services expenses

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Personnel services expense	-	-	21,287	10,813

These relate to expenses for personnel services provided by the NSW Electoral Commission Staff Agency.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

c) Other operating expenses include the following:

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Auditor's remuneration				
– audit of the financial statements-NSWEC	74	70	74	70
Advertising	1,440	222	1,440	222
Consultants	164	225	164	225
Contractors – Agency Staff	8,437	6,655	8,437	6,655
Contractors – Professional Services	4,469	1,577	4,469	1,577
Electricity	139	81	139	81
Facility Hire	665	81	665	81
Insurance	56	61	56	61
Internal audit	157	154	157	154
Legal fees	–	6	–	6
Low Pool Assets	10	–	10	–
Maintenance **	27	17	27	17
Operating lease rental expense				
– minimum lease payments	2,398	1,302	2,398	1,302
Provision of Services	488	440	488	440
Postage	2,107	906	2,107	906
Printing	1,382	555	1,382	555
Restoration cost	–	–	–	–
Security	228	7	228	7
Software maintenance and licences	2,654	1,778	2,654	1,778
Stationery	134	365	134	365
Storage	747	713	747	713
Telephone	117	59	117	59
Training	83	155	83	155
Travel	111	95	111	95
Other	1,165	712	1,165	712
	27,252	16,236	27,252	16,236

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Included in other operating expenses are the following election expenses:				
Local Government Election	5,342	1,449	5,342	1,449
General Election	768	2,321	768	2,321
By Election	2,288	–	2,288	–
Total election expenses included in Note 2(c)	8,398	3,770	8,398	3,770

**Reconciliation – Total Maintenance

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Maintenance expense – contracted labour and others (non-employee related), as above	27	17	27	17
Total maintenance expense included in Note 2(c)	27	17	27	17

d) Depreciation and amortisation expense

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Depreciation				
– Computer Hardware	696	682	696	682
– Furniture, Fittings and Leasehold Improvement	403	172	403	172
– Plant and Equipment	80	64	80	64
Amortisation – Software	3,399	3,378	3,399	3,378
	4,578	4,296	4,578	4,296

e) Other expenses

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Joint Roll Agreement (Payment to the Commonwealth) ¹	3,044	2,987	3,044	2,987
Funding of Candidates, Groups and Political Parties	17,494	24,287	17,494	24,287
	20,538	27,274	20,538	27,274

1. Joint Roll Agreement

An arrangement between the Governor General of the Commonwealth and the Governor of New South Wales to provide for a joint electoral enrolment procedure was signed on 21 October 2010. The 'Exchange of Information Agreement' between the Australian Electoral Commission and the NSWEC pursuant to this arrangement was executed on the same day. This agreement sets a cost per elector rate and allows for escalation at the Sydney Consumer Price Index. The charge is payable from the NSWEC to the Australian Electoral Commission. At 30 June 2017 the amount payable per elector is \$0.823 (2016: \$0.815).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

3. Revenue

a) Appropriations and Transfers to the Crown Entity

	2017 \$'000		2016 \$'000	
	APPRO- PRIATION	EXPEN- DITURE	APPRO- PRIATION	EXPEN- DITURE
SUMMARY OF COMPLIANCE				
Original Budget per Appropriation Act	91,174	68,421	68,291	57,207
Total Appropriations/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	91,174	68,421	68,291	57,207
Appropriation draw down*	–	68,421	–	57,270
Liability to Consolidated Fund (refer Note 15)	–	–	–	63
*Comprising:				
Transfer payments	–	–	–	–
Appropriations (per Statement of Comprehensive Income)**	91,174	68,421	68,291	57,207
	91,174	68,421	68,291	57,207
**Appropriations:				
Recurrent	85,343	65,815	60,057	53,362
Capital	5,831	2,606	8,234	3,845
	91,174	68,421	68,291	57,207

b) Sale of goods and services

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Sales of goods	10	2	10	2
Rendering of services	1,055	949	1,055	949
Election administration costs recovered	1,570	135	1,570	135
	2,635	1,086	2,635	1,086

c) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Superannuation-defined benefit	42	49	–	–
Long service leave	319	261	–	–
Payroll tax	2	3	–	–
	363	313	–	–

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

d) Other revenue

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Rendering of services-local government elections	12,853	3,665	12,853	3,665

4. Loss on Disposal

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Plant and Equipment (Gross carrying amount)	20	5,990	20	5,990
Less: Accumulated Depreciation	(20)	(5,979)	(20)	(5,979)
Written Down Value	-	11	-	11
Less: Proceeds	-	-	-	-
Net Loss on Disposal of Plant and Equipment	-	11	-	11

5. Service Group Statement

The NSWEC has one service group only. This service group covers the delivery of elections and related services. Details of the expenses, revenues, assets and liabilities for this service group are available in the Statement of Comprehensive Income and Statement of Financial Position. Service group statements therefore have not been prepared. Administered expenses and income are shown in notes 21 and 22 respectively.

6. Current Assets – Cash and Cash Equivalents

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and on hand	2,164	3,816	2,164	3,816
	2,164	3,816	2,164	3,816

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at bank.

Cash and cash equivalents assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash and cash equivalents (per Statement of Financial Position)	2,164	3,816	2,164	3,816
Closing cash and cash equivalents (per Statement of Cash Flows)	2,164	3,816	2,164	3,816

Refer to Note 23 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

7. Current Assets – Receivables

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Sale of goods and services	144	50	144	50
Accrued income	4,594	4,075	4,594	4,075
GST recoverable from the taxation authority	805	451	805	451
Prepayments	1,773	1,182	1,773	1,182
Deposits Recoverable	109	27	109	27
Payments for Long Service Leave recoverable from New South Wales Treasury	16	–	16	–
	7,441	5,785	7,441	5,785

For the year ended 30 June 2017, there were no transactions written off as bad debts.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 23.

8. Current Assets – Inventories

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Held for distribution				
Requisite Election Materials – at cost	136	100	136	100
	136	100	136	100

9. Non-Current Assets – Plant and Equipment Consolidated and Parent

	COMPUTER HARDWARE	FURNITURE, FITTINGS AND LEASEHOLD IMPROVEMENT	PLANT AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
At 1 July 2016 – fair value				
Gross carrying amount	4,151	3,284	674	8,109
Accumulated depreciation	(2,685)	(2,974)	(504)	(6,163)
Net Carrying amount	1,466	310	170	1,946
At 30 June 2017 – fair value				
Gross carrying amount	4,149	3,848	701	8,698
Accumulated depreciation	(3,379)	(3,377)	(566)	(7,322)
Net Carrying amount	770	471	135	1,376

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current reporting period is set out below:

	COMPUTER HARDWARE	FURNITURE, FITTINGS AND LEASEHOLD IMPROVEMENT	PLANT AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2017				
Net carrying amount at start of the year	1,466	310	170	1,946
Additions	–	564	45	609
Disposals	–	–	–	–
Depreciation expense	(696)	(403)	(80)	(1,179)
Net carrying amount at end of the year	770	471	135	1,376

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	COMPUTER HARDWARE	FURNITURE, FITTINGS AND LEASEHOLD IMPROVEMENT	PLANT AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
At 1 July 2015 – fair value				
Gross carrying amount	4,735	3,196	626	8,557
Accumulated depreciation	(2,952)	(2,802)	(440)	(6,194)
Net Carrying amount	1,783	394	186	2,363
At 30 June 2016 – fair value				
Gross carrying amount	4,151	3,284	674	8,109
Accumulated depreciation	(2,685)	(2,974)	(504)	(6,163)
Net Carrying amount	1,466	310	170	1,946

Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the prior reporting period is set out below:

	COMPUTER HARDWARE	FURNITURE, FITTINGS AND LEASEHOLD IMPROVEMENT	PLANT AND EQUIPMENT	TOTAL
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2016				
Net carrying amount at start of the year	1,783	394	186	2,363
Additions	374	88	48	510
Disposals	(11)	–	–	(11)
Depreciation expense	(680)	(172)	(64)	(916)
Net carrying amount at end of the year	1,466	310	170	1,946

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

10. Intangible Assets – Consolidated and Parent

	SOFTWARE	TOTAL
	\$'000	\$'000
At 1 July 2016		
Gross carrying amount	38,540	38,540
Accumulated amortisation	(26,599)	(26,599)
Net Carrying amount	11,941	11,941
At 30 June 2017		
Gross carrying amount	40,680	40,680
Accumulated amortisation	(29,998)	(29,998)
Net Carrying amount	10,682	10,682

Reconciliation

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the current reporting period is set out below:

	SOFTWARE	TOTAL
	\$'000	\$'000
Year ended 30 June 2017		
Net carrying amount at start of the year	11,941	11,941
Additions	2,140	2,140
Amortisation expense	(3,399)	(3,399)
Net carrying amount at end of the year	10,682	10,682

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the prior reporting period is set out below:

	SOFTWARE	TOTAL
	\$'000	\$'000
Year ended 30 June 2016		
Net carrying amount at start of the year	11,986	11,986
Additions	3,335	3,335
Amortisation expense	(3,380)	(3,380)
Net carrying amount at end of the year	11,941	11,941

11. Fair value measurement of non-financial assets

The NSWEC does not have any assets that are subject to fair value measurement. Its plant and equipment assets are measured using depreciated historical cost as a surrogate for fair value.

12. Restricted Assets

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Liability to Consolidated Fund	-	63	-	63

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

13. Current Liabilities – Payables

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accrued salaries, wages and on-costs	342	10	–	–
Accrued personnel services	–	–	342	10
Creditors	2,585	1,902	2,585	1,902
Unearned revenue	–	8	–	8
	2,927	1,920	2,927	1,920

Accrued personnel services payable relate to the accrued cost of personnel services provided by the New South Wales Electoral Commission Staff Agency. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 23.

14. Current/Non-Current Liabilities – Provisions

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CURRENT				
Personnel services and employee benefits (a)				
Annual Leave	1,412	1,263	19	19
Long Service Leave on-costs	185	165	3	6
Personnel services	–	–	1,575	1,403
Total Current Provisions	1,597	1,428	1,597	1,428
NON-CURRENT				
Long service leave on-costs	16	14	–	–
Personnel services	–	–	16	14
	16	14	16	14
Other provisions				
Lease Make Good	706	546	706	546
Total Non-Current Provisions	722	560	722	560
Aggregate personnel services, employee benefits and related on-costs				
Provisions – current	1,597	1,428	1,597	1,428
Provisions – non-current	16	14	16	14
Accrued salaries, wages and on-costs (note 13)	342	10	–	–
Accrued personnel services (note 14)	–	–	342	10
	1,955	1,452	1,955	1,452

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

- a) The personnel services provision and the employee benefits provision include a value of leave and on-costs expected to be taken within twelve months and after twelve months as follows:

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Short term – less than twelve months				
Annual leave	842	842	19	19
Long service leave on-costs	185	165	3	6
Personnel services	–	–	1,055	982
	1,027	1,007	1,077	1,007
Long term – after 12 months				
Annual leave	570	421	–	–
Long service leave on-costs	16	14	–	–
Personnel services	–	–	536	435
	586	435	536	435

Movements in other provisions (Other than Personnel services or Employee benefits)

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	LEASE MAKE GOOD \$'000	TOTAL \$'000
Carrying amount at the beginning of financial year	546	546
Additional provisions recognised	160	160
Unwinding/change in the discount rate	–	–
Carrying amount at end of financial year	706	706

15. Current Liabilities – Other

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Liability to Consolidated Fund	–	63	–	63

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

16. Commitments for Expenditure

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CAPITAL COMMITMENTS				
Aggregate capital expenditure for the acquisition of the ICT Infrastructure and Roll Management System contracted for at balance date and not provided for:				
Not later than one year	1,691	1,410	1,691	1,410
Later than one year and not later than five years	–	–	–	–
Later than five years	–	–	–	–
Total (including GST)	1,691	1,410	1,691	1,410
OPERATING LEASE COMMITMENTS				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	2,065	1,976	2,065	1,976
Later than one year and not later than five years	725	2,081	725	2,081
Later than five years	–	–	–	–
Total (including GST)	2,790	4,057	2,790	4,057

These capital and operating lease commitments are not recognised in the financial statements as liabilities. The amount of tax recoverable from the Australian Taxation Office included within commitments is \$407,000 (2016: \$497,000).

17. Contingent Liabilities and Contingent Assets

The NSWEC has no contingent liability as at 30 June 2017 (2016: Nil).

The NSWEC has no contingent assets as at 30 June 2017 (2016: Nil).

18. Budget Review

Net result

The net loss of \$3.1m was \$2.5m greater than the budgeted \$0.6m. While total expenses were \$20.6m lower than the budgeted \$95.3m, appropriations revenue was reduced by \$22.8m to reflect this. The primary change to budgeted assumptions is the \$21.9m reduction in costs incurred relating to Local Government elections. This was due to a large number of Local Government Elections being withheld until the next financial year 2017/18.

Assets and Liabilities

Current Receivables represent the largest variance to budget at \$7.4m against a budget of \$3.4m. The \$4m increment on expectation is primarily resulting from an Accrued Income balance of \$4.6m against nil budgeted. This asset is costs incurred relating to Local Government elections now due to take place in September 2017.

Cash Flows

Operating cash flow variances to budget align very closely to the net result variances explained in the above paragraph.

There is a \$3.1m reduction in investing activity cash flows on a budgeted \$5.8m. This was mainly due to two capital projects totalling \$2.4m being delayed. These projects require the finalisation of government regulations before they can commence. The projects have been carried forward to 2017/18.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

19. Reconciliation of Cash Flows from Operating Activities to Net Result

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net cash from operating activities	1,095	976	1,095	976
Depreciation and amortisation	(4,578)	(4,296)	(4,578)	(4,296)
Decrease/(increase) in provisions and other liabilities	(268)	563	(268)	563
Increase/(decrease) in receivables and other assets	1,693	4,598	1,693	4,598
Decrease/(increase) in payables	(1,006)	939	(1,006)	939
Net gain/(loss) on disposal of plant and equipment and intangible assets	-	(11)	-	(11)
Net result	(3,064)	2,769	(3,064)	2,769

20. Administered Assets and Liabilities

	2017 \$'000	2016 \$'000
Administered Assets:		
Receivables – Fines for Failure to Vote	10,060	5
Administered Liabilities:		
Payables – Fines for Failure to Vote	(17)	-
Reconciliation of Administered Assets		
Opening Balance	5	19,319
New fines issued	23,959	87
Fines written back	(9,823)	(6,766)
Fines paid	(4,074)	(2,140)
Referred for collection to Office of State Revenue	(24)	(10,495)
Administered Assets – Receivables	10,043	5

21. Administered Expense – Debts Written Off

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Write-back of prior year fines	(9,823)	(6,724)	(9,823)	(6,724)

22. Administered Income

	CONSOLIDATED		PARENT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fines for Failure to Vote	23,959	19	23,959	19

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

23. Financial Instruments (Parent and Consolidated)

The NSWEC's principal financial instruments are outlined below. These financial instruments arise directly from the NSWEC's operations or are required to finance the NSWEC's operations. The NSWEC does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The NSWEC's main risks arising from financial instruments are outlined below, together with the NSWEC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Electoral Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the NSWEC, to set risk limits and controls and to monitor risks. From time to time, compliance with policies is reviewed by the Audit and Risk Committee.

a) Financial instrument categories

	NOTE	CATEGORY	CARRYING AMOUNT	
			2017 \$'000	2016 \$'000
FINANCIAL ASSETS				
Class:				
Cash and cash equivalents	6	N/A	2,164	3,816
Receivables*	7	Loans and receivables (at amortised cost)	4,863	4,152
FINANCIAL LIABILITIES				
Class:				
Payables	13	Financial liabilities measured at amortised cost	2,927	1,913

Notes

* Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

** Excludes statutory payables and unearned income (i.e. not within scope of AASB 7).

b) Credit Risk

Credit risk arises when there is the possibility of the NSWEC's debtors defaulting on their contractual obligations, resulting in a financial loss to the NSWEC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the NSWEC, including cash and receivables. No collateral is held by the NSWEC. The NSWEC has not granted any financial guarantees.

Credit risk associated with the NSWEC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The NSWEC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due 2017: \$Nil (2016: \$Nil) represent 100% of the total trade debtors.

c) Liquidity risk

Liquidity risk is the risk that the NSWEC will be unable to meet its payment obligations when they fall due. The NSWEC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The NSWEC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the head of an authority (or a person appointed by the head of an authority) may automatically pay the supplier simple interest.

The table below summarises the maturity profile of NSWEC's financial liabilities, together with the interest rate exposure.

			INTEREST RATE EXPOSURE			MATURITY DATES		
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	NOMINAL AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON- INTEREST BEARING	< 1 YR	1-5 YRS	> 5 YRS
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017								
Payables	–	2,585	–	–	2,585	2,585	–	–
2016								
Payables	–	1,913	–	–	1,913	1,913	–	–

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. NSWEC has no exposure to borrowings or foreign currency risk and does not enter into commodity contracts.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

e) Interest rate risk

NSWEC does not have exposure to interest rate risk through interest bearing liabilities. NSWEC does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The NSWEC's exposure to interest rate risk is set out below:

	CARRYING AMOUNT	PROFIT	-1% EQUITY	PROFIT	1% EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Financial assets					
Cash and cash equivalents	2,164	-	-	-	-
Receivables	4,863	-	-	-	-
Financial Liabilities					
Payables	2,585	-	-	-	-
2016					
Financial assets					
Cash and cash equivalents	3,816	(38)	(38)	38	38
Receivables	4,152	-	-	-	-
Financial Liabilities					
Payables	1,913	-	-	-	-

f) Fair value measurement

i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

ii) Fair value recognised in the statement of financial position

The NSWEC does not have any financial assets at fair value recognised in the statement of financial position.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

24. Related party disclosures

The reporting entity is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

The entity's key management personnel compensation are as follows:

	CONSOLIDATED
	2017 \$'000
Short-term employee benefits	
Salaries	1,632
Other monetary allowances	111
Non-monetary benefits	-
Other long-term employee benefits	94
Post-employment benefits	147
Termination benefits	-
Total Remuneration	1,984

No material transactions took place between the entity and Key Management Personnel, their close family members and controlled or jointly controlled entities thereof during the year.

During the year, entity entered into transactions on arm's length terms and conditions with other entities controlled by the NSW Government. These transactions include:

- Appropriations from the Crown Entity
- Administering income, expenses, assets and liabilities on behalf of the Crown Entity
- Leasing of properties from Government Property NSW
- Long Service Leave and Defined Benefit Superannuation assumed by the Crown Entity
- Payments into the icare TMF Scheme
- Payment to the Audit Office for the audit of our financial statements

25. Events after reporting period

NSWEC is currently engaged in a restructuring program. This program is expected to be completed in 2017-18. There is no expense impact apart from redundancy.

There are no other events subsequent to balance date which affect the financial statements.

END OF AUDITED FINANCIAL STATEMENTS.

Statement by the Electoral Commissioner



Statement by the Electoral Commissioner

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I, to the best of my knowledge and belief state that:

(a) The accompanying financial statements of the New South Wales Electoral Commission Staff Agency have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations); the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and Financial Reporting Directions mandated by the Treasurer.

(b) The statements exhibit a true and fair view of the financial position as at 30 June 2017 of the New South Wales Electoral Commission Staff Agency and financial performance for the year then ended; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'John Schmidt', written over a horizontal line.

John Schmidt
Electoral Commissioner
1 September 2017

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

New South Wales Electoral Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the New South Wales Electoral Commission Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report

Electoral Commissioner's Responsibility for the Financial Statements

The Electoral Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Electoral Commissioner determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Electoral Commissioner must assess the Staff Agency's ability to continue as a going concern except where the Staff Agency's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford
Auditor-General of NSW

5 September 2017
SYDNEY

START OF AUDITED FINANCIAL STATEMENTS

Statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2017

		ACTUAL	ACTUAL
	NOTES	2017 \$'000	2016 \$'000
EXPENSES EXCLUDING LOSSES			
Salaries and wages (including recreation leave)		18,270	9,056
Long service leave		316	234
Superannuation – defined benefit Plan		42	49
Superannuation – defined contribution Plan		1,387	763
Workers' compensation insurance		102	17
Payroll tax and fringe benefits tax		1,050	532
Redundancy		483	475
Total Expenses excluding losses		21,650	11,126
REVENUE			
Acceptance by the Crown Entity of employee benefits and other liabilities	2(a)	363	313
Personnel services revenue	2(b)	21,287	10,813
Total Revenue		21,650	11,126
Net Result		-	-
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	ACTUAL \$'000
Balance at 1 July 2016		-
Net Result for the Year		-
Total other comprehensive income		-
Total comprehensive income for the year		-
Balance at 30 June 2017		-
Balance at 1 July 2015		-
Net Result for the Year		-
Total other comprehensive income		-
Total comprehensive income for the year		-
Balance at 30 June 2016		-

The accompanying notes form part of these financial statements.

Statement of financial position

AS AT 30 JUNE 2017

		ACTUAL	ACTUAL
	NOTES	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Receivables	3	1,917	1,413
Total Current Assets		1,917	1,413
Non-Current Assets			
Receivables	4	16	14
Total Non-Current Assets		16	14
Total Assets		1,933	1,427
LIABILITIES			
Current Liabilities			
Payables	5	342	10
Provisions	6	1,575	1,403
Total Current Liabilities		1,917	1,413
Non-Current Liabilities			
Provisions	6	16	14
Total Non-Current Liabilities		16	14
Total Liabilities		1,933	1,427
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	ACTUAL 2017 \$'000	ACTUAL 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		-	-
Other		-	-
Total Payments		-	-
Receipts			
Personnel services		-	-
Reimbursements from the Crown Entity		-	-
Total Receipts		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH		-	-
Opening cash and cash equivalents		-	-
CLOSING CASH AND CASH EQUIVALENTS		-	-

The New South Wales Electoral Commission Staff Agency does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies

a) Reporting entity

The New South Wales Electoral Commission Staff Agency (the Agency) is established as a division of the government service under the *Government Sector Employment Act 2013*.

The Agency is a not for profit entity as profit is not its principal objective. It is domiciled in Australia and its principal office is at 201 Kent St, Sydney.

The Agency's objective is to provide personnel services to the New South Wales Electoral Commission, which is the immediate parent. The immediate parent is also controlled by the State of New South Wales (the ultimate parent)

The Agency commenced operation on 1 July 2006 when it assumed responsibility for the employees and employee-related liabilities of the New South Wales Electoral Commission.

These financial statements for the Year Ended 30 June 2017 have been authorised for issue by the Electoral Commissioner on 1 September 2017.

b) Basis of preparation

The Agency's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions issued by the Treasurer (per TC 17/04).

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note 1(g).

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

f) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other right to future cash flows from it expire or are transferred.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

g) Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is no certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. Payables are recognised initially at fair value, usually based on the transaction cost or face value. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement is at amortised cost using the effective interest method.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

h) Employee benefits and other provisions

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although shortcut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

ii) Long service leave and superannuation

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary income item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax.

i) Changes in accounting policy, including new or revised Australian Accounting Standards

i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year. The Agency has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for current reporting year.

The adoption of these new Standards and Interpretations did not have any impact on the financial performance or position of the Agency. AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities. The application of this standard has resulted in increased disclosures in the financial statements relating to related party transactions and Key Management Personnel compensation.

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

A number of new Accounting Standards have not been applied and are not yet effective.

The possible impact of these Standards in the period of initial application is unlikely to be material.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

2. Revenue

a) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

	2017 \$'000	2016 \$'000
Superannuation-defined benefit	42	49
Long service leave	319	261
Payroll tax	2	3
Total Revenues	363	313

b) Personnel services revenue

	2017 \$'000	2016 \$'000
New South Wales Electoral Commission	21,287	10,813
Total Revenues	21,287	10,813

3. Current Assets – Receivables

	2017 \$'000	2016 \$'000
New South Wales Electoral Commission	1,917	1,413
Total Current Assets	1,917	1,413

4. Non-Current Assets – Receivables

	2017 \$'000	2016 \$'000
New South Wales Electoral Commission	16	14
Total Non-Current Assets	16	14

5. Current liabilities – Payables

	2017 \$'000	2016 \$'000
Accrued salaries and wages	342	10
Total	342	10

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

6. Current/Non-Current Liabilities – Provisions

	2017 \$'000	2016 \$'000
CURRENT		
Employee benefits and related on-costs		
Annual leave	1,393	1,244
Long service leave on-costs	182	159
Total Current Provisions	1,575	1,403
NON-CURRENT		
Employee benefits and related on-costs		
Long service leave on-costs	16	14
Total Non-Current Provisions	16	14
Aggregate employee benefits and related on-costs		
Provisions – current	1,575	1,403
Provisions – non-current	16	14
Accrued salaries and wages (note 5)	342	10
	1,933	1,427

a) the employee benefits provision include a value of leave and on-costs expected to be taken within 12 months and after 12 months as follows:

	2017 \$'000	2016 \$'000
Short term – less than twelve months		
Annual leave	873	823
Long service leave on-costs	182	159
	1,055	982
Long term – after 12 months		
Annual leave	520	421
Long service leave on-costs	16	14
	536	435

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2017

7. Financial Instruments

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into or trade financial instruments for speculative purposes. The Agency does not use financial derivatives.

Receivables

All receivables are from the NSW Electoral Commission in relation to employee benefits. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates fair value.

Payables

These amounts represent liabilities for personnel services provided to the NSW Electoral Commission. The Agency's exposure to liquidity risk is deemed insignificant based on prior experience and current assessment of risk. The carrying amount approximates fair value.

8. Contingent Liabilities and Contingent Assets

The Agency has no contingent liability as at 30 June 2017 (2016: Nil).

The Agency has no contingent assets as at 30 June 2017 (2016: Nil).

9. Events after reporting period

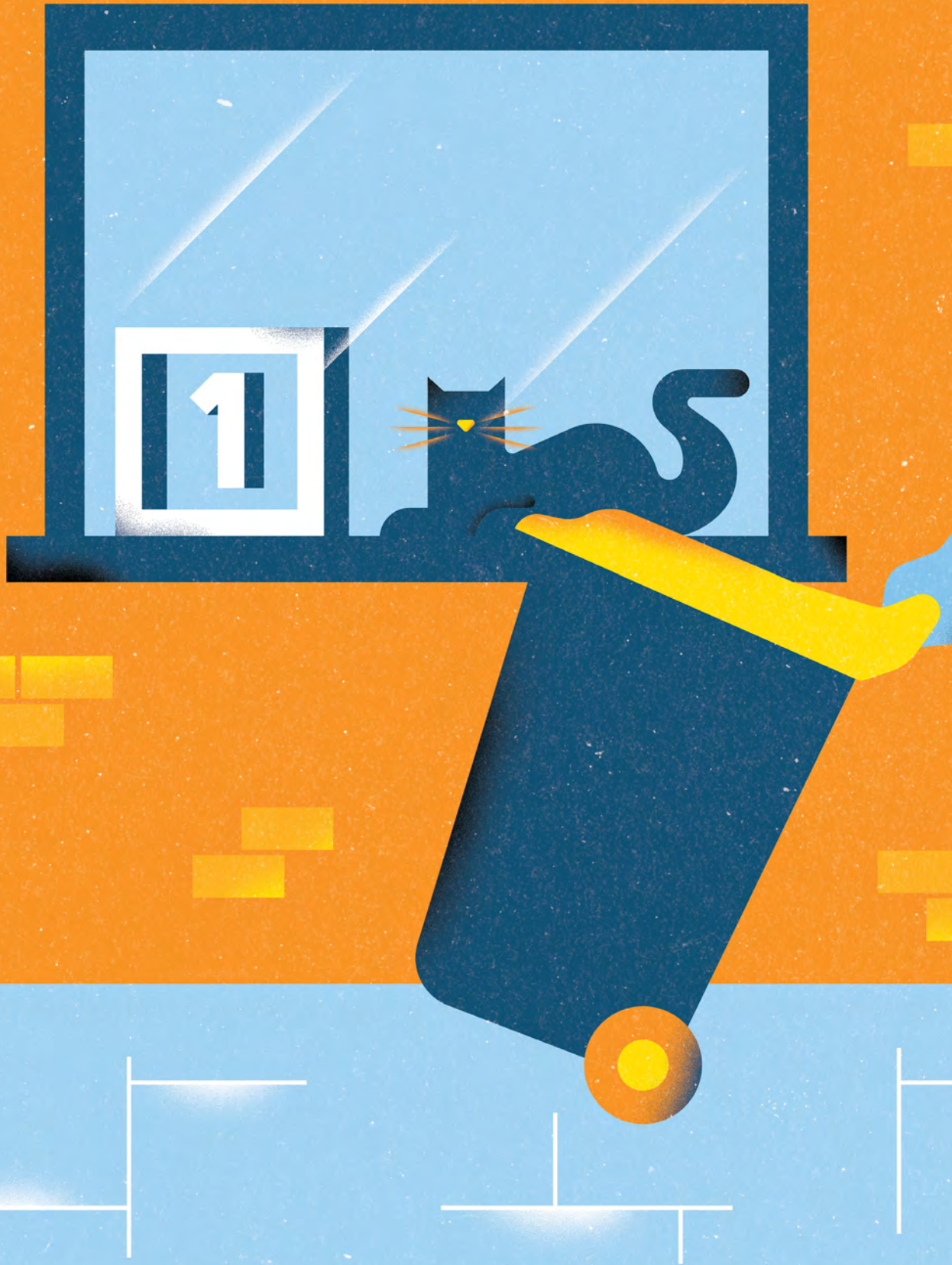
There are no events subsequent to balance date which affect the financial statements.

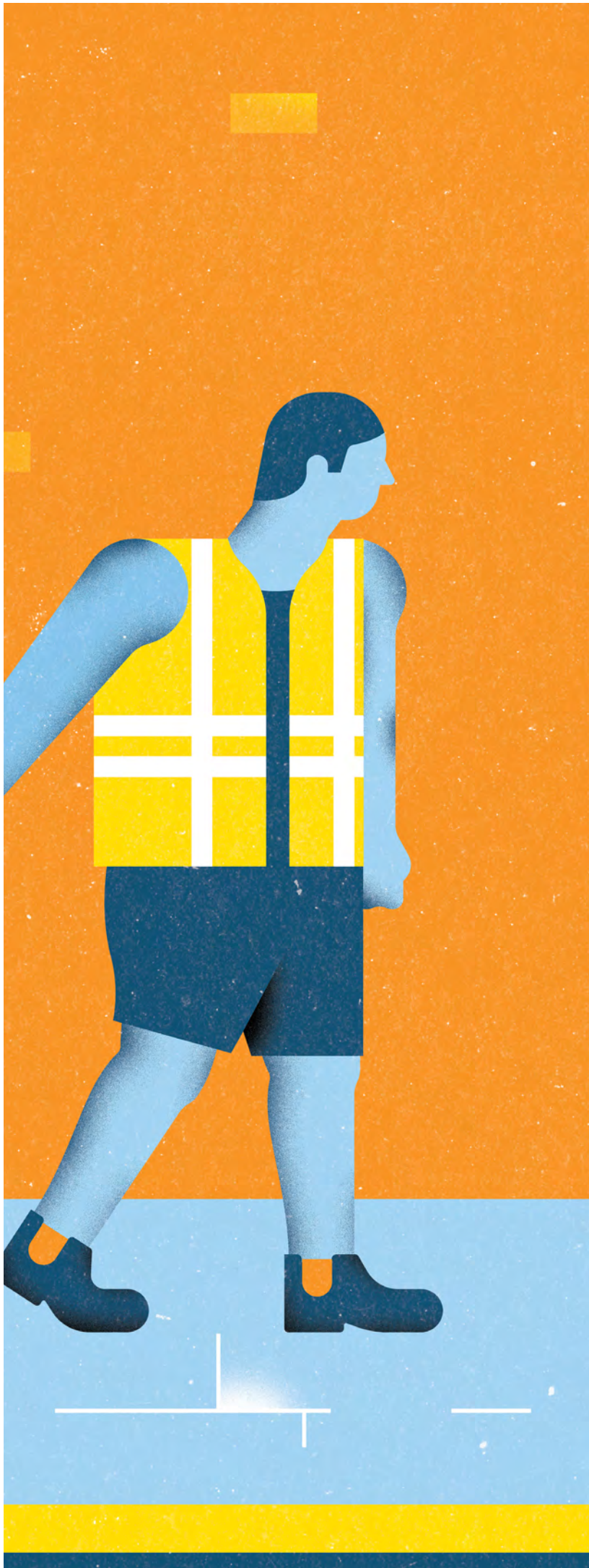
10. Related Party Transactions

All transactions and outstanding balances in these financial statements relate to the NSW Electoral Commission Staff Agency's function as the provider of personnel services to the immediate parent. The Agency's total income is sourced from the immediate parent, and cash receipts and payments are affected by the immediate parent on the Agency's behalf.

Key management personnel compensation are borne by the immediate parent. There were no transactions with the ultimate parent during the financial year.

END OF AUDITED FINANCIAL STATEMENTS





7

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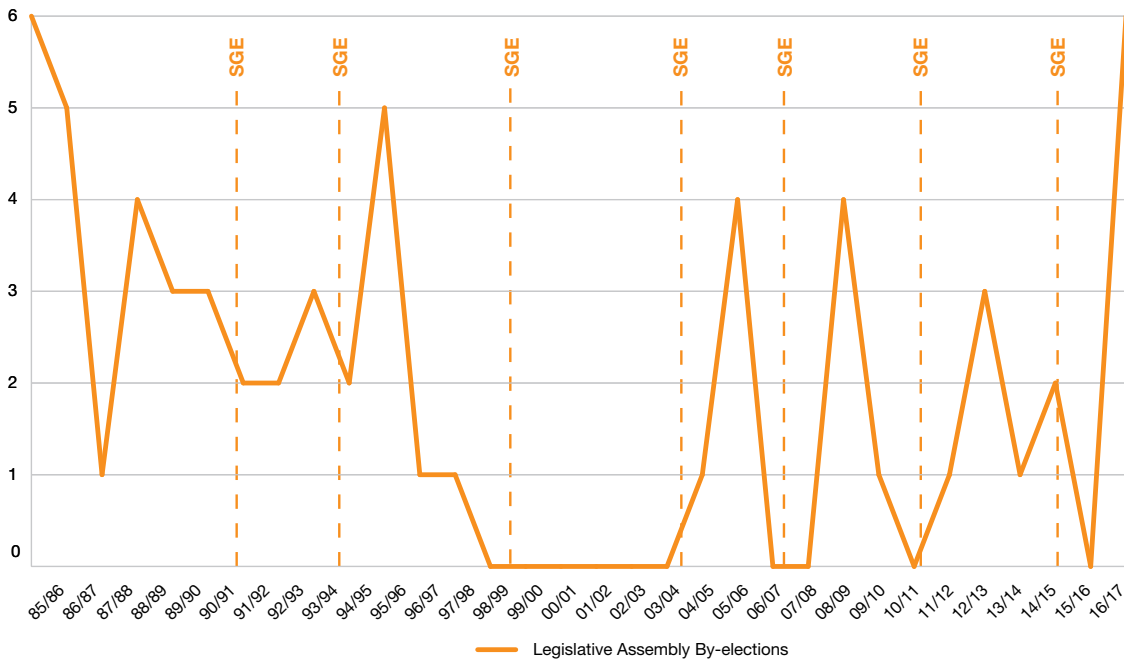
Appendix A

Historical comparison of election activity

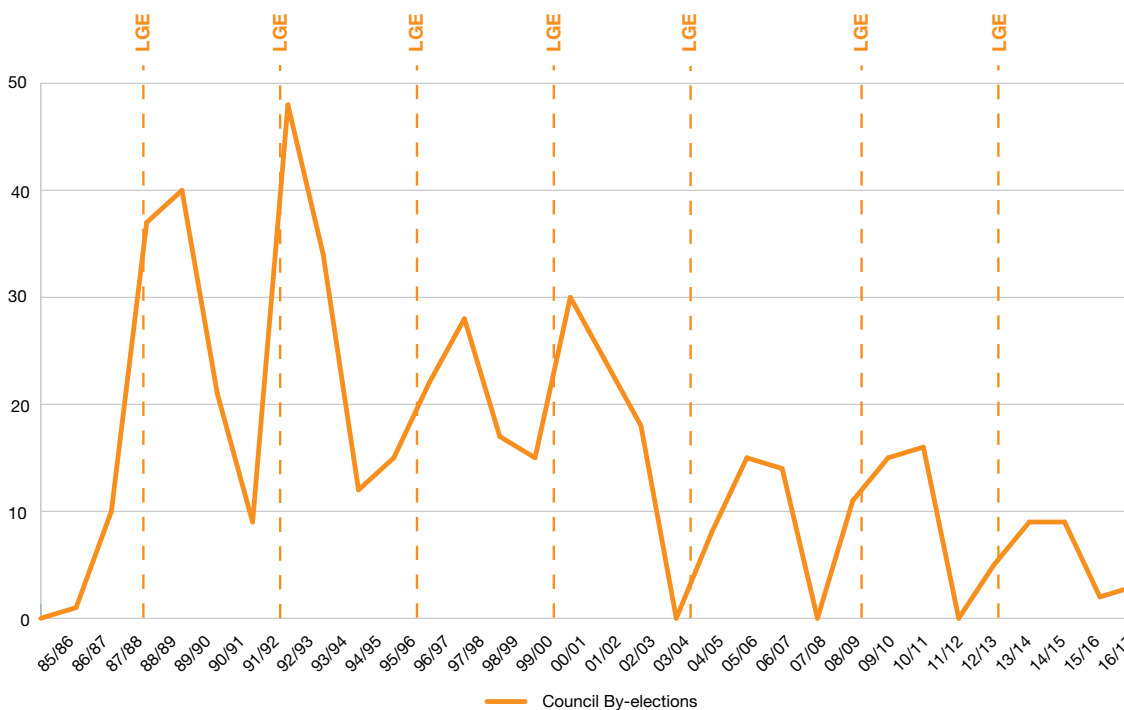
In 2016-17, the NSWEC experienced a high level of election activity, including 76 Local Government elections, 6 State by-elections, 3 Local Government by-elections, 11 Industrial and Enterprise Agreements ballots and 9 Registered Club elections.

The following graphs show a comparison of election activity since 1985.

Graph 3 – Number of Legislative Assembly By-elections, Annual Reporting Years 1986-2017



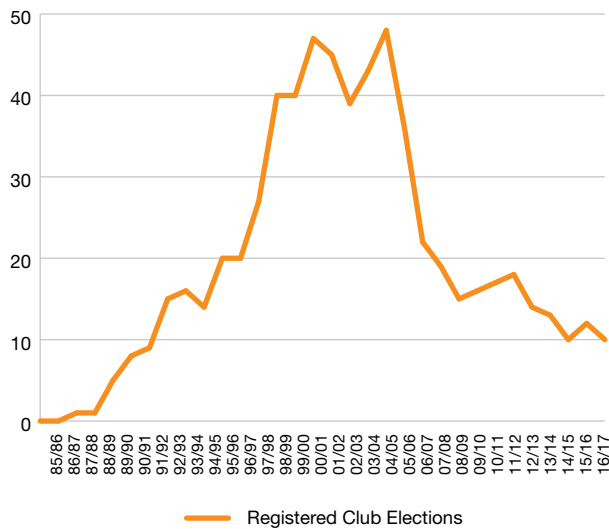
Graph 4 – Number of Local Government By-elections, Annual Reporting Years 1986-2017



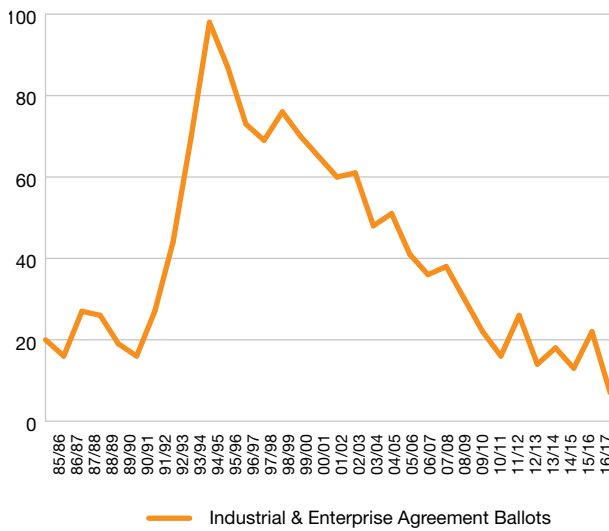
Appendices continued

Appendix A continued

Graph 5 – Number of Registered Club Elections, Annual Reporting Years 1986-2017



Graph 6 – Number of Industrial and Enterprise Agreement Ballots, Annual Reporting Years 1986-2017



Appendix B

Election Program Projects Expenditure

PROJECT NAME	EXPENDITURE (\$,000)
Event Roll Management	498
Client Council Liaison	781
Data Management and Projections	25
Election Staffing	6,525
Financial Management	450
Venue Procurement	1,246
Attendance Voting	1
Counting and Results	579
Procedures, Forms and Instructions	275
Logistics and Supply	1,483
Media, Communications and Advertising	1,194
RO Office IT Infrastructure	514
Elector Enquiry Centre	512
Ballot Papers	718
Candidates	248
Event Readiness	209
IT Systems (Business Systems)	1,731
HO and Warehouse IT Infrastructure	426
Sydney Town Hall and Postal Voting	560
Programme office	1,628
TOTAL	19,603

Appendices continued

Appendix C

Council Elections Administered by NSWEC

COUNCIL NAME	COUNCIL NAME	COUNCIL NAME
Albury City Council	Gilgandra Shire Council	Richmond Valley Council
Ballina Shire Council	Glen Innes Severn Council	Shoalhaven City Council
Balranald Shire Council	Goulburn Mulwaree Council	Singleton Council
Bega Valley Shire Council	Greater Hume Shire Council	Sutherland Shire Council
Bellingen Shire Council	Griffith City Council	Tamworth Regional Council
Berrigan Shire Council	Gwydir Shire Council	Temora Shire Council
Blacktown City Council	Hawkesbury City Council	Tenterfield Shire Council
Bland Shire Council	Hay Shire Council	The Council of the City of Broken Hill
Blue Mountains City Council	Inverell Shire Council	The Council of the City of Wagga Wagga
Bogan Shire Council	Junee Shire Council	The Council of the Municipality of Kiama
Brewarrina Shire Council	Kyogle Council	The Council of the Shire of Bourke
Byron Shire Council	Lachlan Shire Council	Tweed Shire Council
Camden Council	Leeton Shire Council	Upper Hunter Shire Council
Campbelltown City Council	Lismore City Council	Upper Lachlan Shire Council
Carrathool Shire Council	Liverpool City Council	Uralla Shire Council
Cessnock City Council	Liverpool Plains Shire Council	Walcha Council
City of Lithgow Council	Lockhart Shire Council	Walgett Shire Council
Clarence Valley Council	Mid-Western Regional Council	Warren Shire Council
Cobar Shire Council	Moree Plains Shire Council	Warrumbungle Shire Council
Coffs Harbour City Council	Muswellbrook Shire Council	Weddin Shire Council
Coolamon Shire Council	Nambucca Shire Council	Wentworth Shire Council
Coonamble Shire Council	Narrabri Shire Council	Wingecarribee Shire Council
Council of the City of Sydney	Narrandera Shire Council	Wollondilly Shire Council
Cowra Shire Council	Narromine Shire Council	Yass Valley Council
Eurobodalla Shire Council	Parkes Shire Council	
Forbes Shire Council	Port Macquarie-Hastings Council	

Councils administering their own elections

COUNCIL NAME	COUNCIL NAME	COUNCIL NAME
Fairfield	Kempsey	Penrith
Gunnedah	Lake Macquarie	

Appendix D

Website usage (top 3 pages visited)

NO.	WEB PAGE	NO. OF VISITS
1	home	358,931
2	working at elections	82,210
3	enrol to vote/am i enrolled	69,794

Website usage (number of visitors)

DATE	ELECTIONS.NSW.GOV.AU	VOTENSW.INFO
July 2016	406,444	155,733
August 2016	271,852	610,425
September 2016	475,866	1,567,877
October 2016	132,797	31,264
November 2016	313,415	25,054
December 2016	67,070	6,219
January 2017	64,695	4,979
February 2017	67,786	5,470
March 2017	216,500	19,138
April 2017	360,253	28,837
May 2017	62,801	14,596
June 2017	125,250	36,262

Appendices continued

Appendix E

State registered political parties at 30 June 2017

PARTY NAME	DATE OF DEREGISTRATION
Animal Justice Party	
Australian Cyclists Party	
Australian Labor Party (NSW Branch)	
Building Australia Party	
Christian Democratic Party (Fred Nile Group)	
Country Labor Party	
The Liberal Party of Australia, New South Wales Division	
National Party of Australia – NSW	
No Parking Meters Party	7 July 2017
Outdoor Recreation Party	
Shooters, Fishers and Farmers Party	
Socialist Alliance	
The Fishing Party	
The Greens	
Voluntary Euthanasia Party (NSW)	

Appendix F

Local Government registered political parties at 30 June 2017

- Albury Citizens and Ratepayers Movement
- Australia First Party (NSW) Incorporated (Councils)
- Bob Thompson's Independent Team
- Clover Moore Independent Team
- Community First Team
- Community Service "Environment" Save Campbelltown Koalas
- Cumberland Independents
- Democratic Labour Party
- Eurobodalla Ratepayers Action (Deregistered 7 July 2017)
- Good for Manly
- Independent Community Voice
- Kogarah Residents' Association
- Lake Mac Independents
- Liberal Democratic Party
- Liverpool Community Independents Team
- Lorraine Wearne Independents
- Manly Independents – Putting Residents First
- Our Local Community
- Our Sustainable Future
- Residents Action Group Cumberland
- Residents First Woollahra
- Residents for Mosman
- Save Tuggerah Lakes
- Serving Mosman
- Shoalhaven Independents Group
- Sustainable Development Party[†] (Registered 29 July 2016)
- Sydney Matters Independent Team
- The Local Independent Party
- Totally Locally Committed Party
- Your North Sydney Community Independent Team
- Your Northern Beaches Independent Team

[†]New registration.

Appendices continued

Appendix G

Breakdown of Expenditure Caps on electoral communication expenditure

PARTIES WITH MORE THAN 10 LEGISLATIVE ASSEMBLY CANDIDATES IN A GENERAL ELECTION	
From 29 March 2015 to 23 March 2019	\$122,900
PARTIES WITH LEGISLATIVE COUNCIL CANDIDATES IN A GENERAL ELECTION	
From 29 March 2015 to 23 March 2019	\$1,288,500
INDEPENDENT GROUPS OF CANDIDATES IN LEGISLATIVE COUNCIL GENERAL ELECTIONS	
From 29 March 2015 to 23 March 2019	\$1,288,500
PARTY CANDIDATES IN LEGISLATIVE ASSEMBLY GENERAL ELECTION	
From 29 March 2015 to 23 March 2019	\$122,900
NON-GROUPED CANDIDATES IN LEGISLATIVE COUNCIL GENERAL ELECTION	
From 29 March 2015 to 23 March 2019	\$184,200
CANDIDATES IN LEGISLATIVE ASSEMBLY BY-ELECTIONS	
From 29 March 2015 to 23 March 2019	\$245,600
INDEPENDENT CANDIDATES IN LEGISLATIVE ASSEMBLY GENERAL ELECTION	
From 29 March 2015 to 23 March 2019	\$184,200
THIRD-PARTY CAMPAIGNERS	
29 March 2015 to 23 March 2019	For a state general election: \$1,288,500 if the third-party campaigner was registered prior to the commencement of the capped expenditure period for the election, or \$644,300 if the third-party campaigner was not registered prior to the commencement of the capped expenditure period for the election or for a by-election for the Assembly, \$24,700 For a by-election for the Assembly, \$24,700
ELECTORATE CAPS FOR PARTIES AND THIRD-PARTY CAMPAIGNERS	
29 March 2015 to 23 March 2019	\$61,500 per electorate in the case of a party \$24,700 per electorate in the case of a third-party campaigner

Appendix H

Amounts paid to political parties from the Election Campaigns Fund for electoral communication expenditure related to the 2015 State General Election

PARTY	PAYMENT TYPE	DATE OF PAYMENT	AMOUNT \$
The Greens	Payment	10/5/2017	981,683
The Liberal Party of Australia New South Wales Division	Payment	23/9/2016	2,370,882
Total			3,352,565

Appendix I

Amounts paid to 2015 State General Election candidates from the Election Campaigns Fund for electoral communication expenditure

CANDIDATE NAME	DATE OF PAYMENT	AMOUNT \$
Garry Keith Edwards	18/8/2016	15,041

Amounts paid to November 2016 State by-elections candidates from the Election Campaigns Fund for electoral communication expenditure

CANDIDATE NAME	DATE OF PAYMENT	AMOUNT \$
Bernard John Fitzsimon	7/6/2017	44,853
Branka Kouroushis	13/3/2017	20,253
Catherine Ogilvie Blakey	9/5/2017	23,584
Gordon Bradbery	9/5/2017	30,431
Janelle Bicknell	9/5/2017	2,162
Kevin Duffy	9/5/2017	2,570
Kristian Owen Bodell	9/5/2017	17,745
Paul Scully	13/3/2017	73,680
Philip Donato	7/6/2017	27,744
Scott Ian Munro	9/5/2017	15,716
Scott James Barrett	9/5/2017	73,680
Sophie Cotsis	7/6/2017	70,479
Total		402,897

Appendices continued

Appendix J

Amounts paid from the Administrative Fund to political parties and independent elected members in 2016-17 for administrative expenditure incurred in the 2016 and 2017 calendar years

CLAIMANT	CALENDAR YEAR	ANNUAL ENTITLEMENT	PAYMENT TYPE	DATE OF PAYMENT	AMOUNT \$
Alexander Hart Greenwich	2016		3rd Quarter Advance Payment	1/7/2016	34,038
			4th Quarter Advance Payment	4/10/2016	44,244
			2nd Quarter Payment	14/10/2016	11,298
			Annual Payment	15/5/2017	15,490
	2017	221,500	1st Quarter Advance Payment	3/1/2017	27,688
			2nd Quarter Advance Payment	3/4/2017	41,531
1st Quarter Payment			15/5/2017	16,072	
Animal Justice Party	2015		Reimbursement	15/7/2016	-2,348
	2016		3rd Quarter Advance Payment	1/7/2016	57,159
			Annual Payment	6/6/2017	79,843
	2017	265,700	1st Quarter Advance Payment	3/1/2017	33,213
			2nd Quarter Advance Payment	3/4/2017	49,819
Australian Labor Party (NSW Branch)	2016		3rd Quarter Advance Payment	1/7/2016	456,172
			4th Quarter Advance Payment	4/10/2016	593,023
			2nd Quarter Payment	20/10/2016	182,469
			3rd Quarter Payment	15/12/2016	273,703
			Annual Payment	26/4/2017	136,852
	2017	2,969,500	1st Quarter Advance Payment	3/1/2017	371,188
			2nd Quarter Advance Payment	3/4/2017	556,781
Christian Democratic Party (Fred Nile Group)	2016		3rd Quarter Advance Payment	1/7/2016	102,528
			1st Quarter Payment	14/7/2016	58,588
			4th Quarter Advance Payment	4/10/2016	80,558
			2nd Quarter Payment	24/11/2016	29,294
			3rd Quarter Payment	12/1/2017	14,647
			Annual Payment	1/3/2017	36,617
	2017	476,500	1st Quarter Advance Payment	3/1/2017	59,563
			2nd Quarter Advance Payment	3/4/2017	89,344
1st Quarter Payment			26/6/2017	54,695	
Country Labor Party	2016		1st Quarter Payment	14/7/2016	91,150
			4th Quarter Advance Payment	4/10/2016	205,088
			2nd Quarter Payment	20/10/2016	45,575
			3rd Quarter Payment	15/12/2016	159,513
	2017	741,400	1st Quarter Advance Payment	3/1/2017	92,675
			2nd Quarter Advance Payment	3/4/2017	139,013

CLAIMANT	CALENDAR YEAR	ANNUAL ENTITLEMENT	PAYMENT TYPE	DATE OF PAYMENT	AMOUNT \$
Gregory Michael Piper	2016		3rd Quarter Advance Payment	1/7/2016	47,644
			4th Quarter Advance Payment	4/10/2016	51,047
			Reimbursement	11/4/2017	-102,426
	2017	221,500	1st Quarter Advance Payment	3/1/2017	27,688
			2nd Quarter Advance Payment	3/4/2017	41,531
National Party of Australia - NSW	2016		3rd Quarter Advance Payment	1/7/2016	615,825
			4th Quarter Advance Payment	4/10/2016	607,663
			1st Quarter Payment	20/10/2016	325,825
			2nd Quarter Payment	16/3/2017	149,875
			3rd Quarter Payment	1/5/2017	61,900
	2017	2,757,300	1st Quarter Advance Payment	3/1/2017	344,663
			2nd Quarter Advance Payment	3/4/2017	516,994
Shooters, Fishers and Farmers Party	2016		3rd Quarter Advance Payment	1/7/2016	73,234
			2nd Quarter Payment	28/9/2016	29,294
			4th Quarter Advance Payment	4/10/2016	95,205
			3rd Quarter Payment	8/12/2016	102,877
			Annual Payment	4/4/2017	99,262
	2017	635,300	1st Quarter Advance Payment	3/1/2017	79,413
			2nd Quarter Advance Payment	3/4/2017	119,119
The Greens	2016		3rd Quarter Advance Payment	1/7/2016	250,775
			4th Quarter Advance Payment	4/10/2016	268,688
			1st Quarter Payment	8/2/2017	95,244
			3rd Quarter Payment	8/2/2017	35,825
			2nd Quarter Payment	8/2/2017	119,706
			Annual Payment	21/4/2017	17,913
	2017	1,165,800	1st Quarter Advance Payment	3/1/2017	145,725
			2nd Quarter Advance Payment	3/4/2017	218,588
The Liberal Party of Australia New South Wales Division	2015		Annual Payment	23/9/2016	1,431,950
	2016		4th Quarter Advance Payment	4/10/2016	1,277,281
			Annual Payment	8/3/2017	1,277,281
	2017	2,969,500	1st Quarter Advance Payment	3/1/2017	371,188
			2nd Quarter Advance Payment	3/4/2017	556,781
Total paid in 16-17*					13,590,652

* Total paid represents total payments rounded to the nearest dollar consistent with the total amount as shown on the audited financial statements.

Appendices continued

Appendix K

Amounts paid to political parties from the Policy Development Fund for policy development expenditure

PARTY	CALENDAR YEAR	PAID	AMOUNT
Building Australia Party	2016	13/4/2017	11,800
Outdoor Recreation Party	2015	15/9/2016	663
Outdoor Recreation Party	2016	26/6/2017	2,943
Voluntary Euthanasia Party (NSW)	2016	16/3/2017	12,486
Total			27,892

Appendix L

Compliance audits 2016-17

DISCLOSURE TYPE	2014/15 DISCLOSURE PERIOD	2015/16 DISCLOSURE PERIOD		
	AUDITS FINALISED	AUDITS FINALISED	AUDITS COMMENCED	AUDITS TO BE STARTED
Political Party	57	52	3	-
Group of State Candidates	20	-	-	-
Group of Local Government Candidates	-	7	-	-
State Candidate	649	-	-	-
Local Government Candidate	52	34	-	-
Elected Member – Member of Parliament	16	145	9	-
Elected Member – Local Government Councillor	272	1,373	38	-
Major Political Donor	791	513	1	-
Third-Party Campaigner	89	-	-	-
Total	1,946	2,124	51	-

Appendix M

Election reports published 2016-17

- Report on The 2016 Local Government Elections
- Canterbury State By-Election Report 2016
- Orange State By-Election Report 2016
- Wollongong State By-Election Report 2016

Appendix N

Management Committee Meeting Dates and Attendance Numbers

MEETING DATE	NUMBER OF ATTENDEES
26/7/2016	9
23/8/2016	11
27/9/2016	10
25/10/2016	8
22/11/2016	11
20/12/2016	12
24/01/2017	10
21/2/2017	13
21/3/2017	15
24/4/2017	15
23/5/2017	12
20/6/2017	14

Appendices continued

Appendix O

Statistical information about access applications – Clause 7(d) and Schedule 2

Table A – Number of applications by type of applicant and outcome*

	ACCESS GRANTED IN FULL	ACCESS GRANTED IN PART	ACCESS REFUSED IN FULL	INFORMATION NOT HELD	INFORMATION ALREADY AVAILABLE	REFUSE TO DEAL WITH APPLICATION	REFUSE TO CONFIRM/ DENY IF INFORMATION HELD	APPLICATION WITHDRAWN
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	1	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	1	0	0
Members of the public (other)	2	0	0	0	1	0	0	0

*More than one decision can be made in respect of a particular access application.

Table B – Number of applications by type of application and outcome

	ACCESS GRANTED IN FULL	ACCESS GRANTED IN PART	ACCESS REFUSED IN FULL	INFORMATION NOT HELD	INFORMATION ALREADY AVAILABLE	REFUSE TO DEAL WITH APPLICATION	REFUSE TO CONFIRM/ DENY IF INFO HELD	APPLICATION WITHDRAWN
Personal information applications*	0	0	0	0	0	1	0	0
Access applications (other than personal information applications)	2	2	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	1	0	1	0	0	0

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C – Invalid applications

REASON FOR INVALIDITY	NUMBER OF APPLICATIONS
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	2
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	0

Table D – Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	NUMBER OF TIMES CONSIDERATION USED*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	2
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

Table E – Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

	NUMBER OF OCCASIONS WHEN APPLICATION NOT SUCCESSFUL
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Appendices continued

Appendix O continued

Table F – Timeliness

	NUMBER OF APPLICATIONS
Decided within the statutory timeframe (20 days plus any extensions)	7
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	7

Table G – Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	DECISION VARIED	DECISION UPHELD	TOTAL
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	2	0	2
Total	2	0	2

Table H – Applications for review under Part 5 of the Act (by type of applicant)

	NUMBER OF APPLICATIONS FOR REVIEW
Applications by access applicants	2
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Glossary

NAME/TITLE	DEFINITION
Ballot paper	The paper printed for an election, on which a voter registers his/her vote.
By-election	An election held to fill a casual vacancy, usually caused by retirement, death or resignation of the member for that district.
Candidate	A person who nominates for election to parliament or to a council.
Compulsory voting	Once a person is enrolled to vote, voting is compulsory. A penalty applies for failing to vote.
Declared Institution	A nursing home, hospital or similar facility appointed by the Electoral Commissioner and visited by election officials for the purpose of taking votes from residents who are unable to attend a polling place.
Election	Selection by vote of a person or persons to hold political office.
Elector	A person who is entitled to vote at an election.
Electoral Commissioner	The statutory officer appointed to manage the conduct of state and other elections.
Electoral district	One of the 93 Legislative Assembly electorates.
Electoral roll	The certified list of persons eligible to vote at an election. The rolls are maintained by the Australian Electoral Commission.
Electorate	The population of electors or the region in which electors live. Electorates have clearly defined boundaries which are shown on electoral district maps.
Enrolment	The act of enrolling or having one's name added to the list of electors entitled to vote.
Independent	A candidate for election to, or a member of, parliament who is not a member of a political party.
iVote	An internet and telephone-based voting system.
Joint Roll Agreement	A bilateral agreement between the Commonwealth of Australia and the state of NSW for the maintenance and provision of a NSW electoral roll that can be used in parliamentary and council elections.
Joint Standing Committee on Electoral Matters	The Joint Standing Committee on Electoral Matters of the NSW Parliament reviews the administration and conduct of State and Local Government Elections and any other function referred to it by the Premier.
Legislative Assembly	The Lower House of Parliament in NSW. It consists of 93 members, one elected for each electoral district.
Legislative Council	The Upper House of Parliament in NSW. It has 42 members elected for an eight year term, half of whom are elected at each NSW State election.
Nomination	The process by which a person applies to become a candidate for election.
Ordinary vote	A vote recorded in the normal manner at a polling place on election day.
Poll	An election.
Polling place	A building, such as a school, designated as a place to which voters go during an election to cast their votes.
Postal vote	Electors, who are outside their electoral district on election day, or unable to attend a polling place during polling hours, may send a vote by post. Voters must apply for a postal vote prior to election day.
Pre-poll	Electors who cannot vote on election day can apply to vote early at the office of a Returning Officer or at a pre-poll voting centre.
Redistribution	Changes in boundaries of electoral districts to take into account population changes. The result should be that the number of electors enrolled in each district should be equal, give or take three per cent.
Referendum	Vote taken to allow electors to express their view on a particular subject or issue. Some alterations to the Constitution can only be made after approval in a referendum.
Returning Officer	The election official responsible for conducting an election for a Legislative Assembly district or the Legislative Council or a council.
Roll	See electoral roll.
SmartRoll	A data system that automatically enrolls and re-enrolls eligible electors adding their correct details to the NSW electoral roll.
Term	The length of time a parliament may sit before having to call an election. NSW has fixed four year terms.
Vote	The process of choosing/selecting a candidate for political office.
Ward	Subdivisions of a local government area, consisting of approximately equal numbers of voters.

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